

Anatara Lifesciences Ltd

Appendix 4E

Year ended 30 June 2024

Name of entity: Anatara Lifesciences Ltd
ABN: 41 145 239 872
Year ended: 30 June 2024
Previous period: 30 June 2023

Results for announcement to the market.

Revenue from ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members*	Down	28%	to	(1,451,242)
Net loss for the period attributable to members*	Down	28%	to	(1,451,242)

*reduction in loss

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 for explanation of the results

Additional information supporting the Appendix 4E disclosure requirements can be found in the directors' report and the financial statements for the year ended 30 June 2024.

Net tangible assets per security	2024	2023
	Cents	Cents
Net tangible asset backing (per security)	0.71	0.77

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2024.

Other information required by Listing Rule 4.3A

a. Details of any 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 and an unqualified audit opinion inclusive of an emphasis of matter regarding going concern has been issued.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Financial Statements

For the Year Ended 30 June 2024

Anatara Lifesciences Ltd

ABN: 41 145 239 872

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Anatara Lifesciences Ltd

ABN: 41 145 239 872

Corporate Directory

30 June 2024

Directors

Mr David Brookes
Executive Chair

Mr Nicholas Haslam
Non-Executive Director

Mr John Michailidis
Executive Director

Secretary

Mr Stephen Denaro

Registered office and principal place of business

c/- Perks, Level 8, 81 Flinders Street, Adelaide SA 5000
Telephone: +61 (0)4 3802 7172

Share Register

Computershare Investor Services Pty Ltd
Level 1, 200 Mary Street, Brisbane QLD 4000
Telephone: +61 (0)7 3237 2100

Auditor

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street, Adelaide SA 5000
Telephone: +61 (0)8 8372 6666

Solicitors

Thomson Geer
Level 16, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000
Telephone: +61 (0)8 8236 1300

Bankers

Commonwealth Bank of Australia
Melbourne VIC 3000
Telephone: +61 (0)2 9378 2000

Stock exchange listings

Anatara Lifesciences Ltd shares are listed on the Australian Securities Exchange (ASX code: ANR)

Website

www.anataralifesciences.com

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Directors' Report

30 June 2024

The directors present their report, together with the consolidated financial statements of the Group, being Anatara Lifesciences Ltd ("the Company") and its controlled entities ("the Group"), for the financial year ended 30 June 2024.

General information

Directors

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

Names	Position	Appointed/Resigned
Dr David Brookes	Executive Chair	
Mr Nicholas Haslam	Non-Executive Director	
Mr John Michailidis	Executive Director	Appointed 2 October 2023
Dr Jane Ryan	Non-Executive Director	Resigned 2 October 2023

Company secretary

The following person held office as company secretary of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Stephen Denaro

Principal activities and significant changes in nature of activities

The Group is an Australian listed entity that is developing and commercialising innovative, evidence-based products for gastrointestinal health where there is significant unmet need.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Review of operations and financial review

Review of operations

i. Human and animal health projects

Anatara Lifesciences (ASX: ANR or "the Company"), a developer of evidence-based solutions for gastrointestinal diseases in humans and animals, continued to progress the Gastrointestinal ReProgramming (GaRP) trial for Irritable Bowel Syndrome (IBS) as a principle activity in human health towards commercialising the GaRP product. Stage 1 of the Phase II study was completed successfully meeting endpoints and the results announced to the market are detailed below (within this report).

The Company considers the results extremely encouraging and consistent with the understanding of the project and product. Anatara's GaRP product is a multi-component, coated complementary medicine designed to address underlying factors associated with chronic gastrointestinal conditions such as IBS and IBD. The product is made of GRAS (Generally Regarded As Safe) components and is designed to assist restoration and maintenance of the GIT lining and the homeostasis of the microbiome.

Directors' Report

30 June 2024

Review of operations and financial review (continued)

Review of operations (continued)

The Company announced on 28th September 2023 that the interim futility statistical analysis of Stage 1 of Phase II GaRP-IBS trial had been reviewed by the DSMB (Data Safety Monitoring Board) on 27 September 2023. The conclusion given was that Stage 1 had successfully met the study objectives of confirming safety and the optimum dose for the single dose expanded Stage 2 of the trial, with a preliminary indication of meaningful efficacy. The data from 61 participants over 3 arms (placebo, low and high dose) strongly supported continuing the trial using the Low Dose. There were no concerning safety signals and the DSMB were satisfied that continuation of the current trial protocol was supported.

As well there was a clinically meaningful reduction in trial participants' IBS-SSS Scores which is the targeted primary endpoint.

The Company announced in October 2023 a positive analysis of the secondary endpoints of Quality of Life (QoL) and the Hospital Anxiety and depression Score (HADS). The improvement of the QoL scores was anticipated to reflect the trend of improvement in the primary endpoint of IBS-SSS. Analysis of improvement in HADS revealed highly significant improvement in anxiety and depression scores on Low Dose ($p < 0.05$) for the overall treatment. The Company considered this a remarkable result while cautioning on the low numbers involved at this stage of the full trial.

Stage 2 of the trial design is to confirm/establish statistical significance for primary and secondary endpoints through greater numbers. Anatara is currently conducting Stage 2 of the Phase II GaRP-IBS trial which commenced recruiting in late in Q3FY24 and had 5 sites established across 3 capital cities in Q4FY24. The company announced on the 13th of June 2024 that the high number of expressions of interest had seen significant enrolment in the trial (13 randomised participants) with further potential participants in screening. The Company continued to monitor and manage the momentum of trial participation and interest through the remaining period.

Following the GaRP interim trial results, Anatara continues to engage with global pharma companies interested in expanding their portfolio of complementary medicines. The ongoing trial has garnered interest from global leaders in the gastroenterology field due to the strong evidence-based design of the GaRP trial.

The Company continues to actively assess other opportunities in the human healthcare space and is appraising projects suitable to add to the Company's portfolio. There are also ongoing discussions for potential uses of Anatara's established products and know-how for animal health indications.

ii. Manufacturing & Regulatory considerations

The product continues to remain stable after extensive and regular testing, offering long shelf life. Testing of the GaRP product continues to demonstrate excellent long-term stability supporting a commercially reasonable shelf-life with product stability in excess of 24 months under the tested conditions. Samples were tested to ensure potency was maintained over the shelf-life and release of active ingredients in the targeted segments of the ileum and colon was maintained.

The Company continued to work towards solidifying the regulatory framework in key jurisdictions (EU, USA, AU) in order to progress the development of the product towards commercialisation. In addition, manufacturing scale-up and packaging work has been initiated in order to be best placed to commercialise as quickly as regulatory authorities will allow. The Company is securing a supply chain of materials for commercial readiness of the GaRP product as well as alternative manufacturing partners for commercial scale-up.

The Company continues to progress the work necessary to apply for the GaRP product to be Listed on the Australian Register of Therapeutic Goods with the TGA.

The Company has continued to expand and support ongoing patent applications under a broad family of patents in key jurisdictions including the EU and APAC countries, including Japan, Korea, Hong Kong and Australia.

In addition, the Company's website was upgraded along with the commencement of new company and product branding, in line with Anatara's commercialisation plans.

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Review of operations and financial review (continued)

Review of operations (continued)

iii. Board & Management changes

The Company announced on 2nd October that Dr Jane Ryan has retired as Non-Executive Director effective immediately. Mr John Michailidis was simultaneously appointed as an Executive Director while remaining in the role of COO (Chief Operating Officer).

Dr. Micheal West was appointed CSO (Chief Scientific Officer) in March 2024 having previously been both CSO and COO at Anatara and having maintained a consultancy to the Company.

iv. Summary of FY2024 cashflows

The Company's cash at the end of the year was \$0.982 million (30 June 2023: \$0.351 million). Net cash outflow from operating activities during the year was \$1.247 million, compared to a \$2.258 million cash outflow from operating activities in the year ended 30 June 2023.

As announced on the 3rd of November 2023, the Company launched a 2 for 5 pro-rata non-renounceable Entitlement Offer to raise \$1.055 million and subsequently announced on the 7th & 18th December 2023 the finalisation of the offer raising the full \$1.055 million before capital raising costs.

A further announcement on the 1st May accompanied a placement of 25 million shares to raise \$1.0 million before capital raising costs.

In Q1FY24, the application for the 2023 Research & Development Tax Rebate resulted in a refund of \$0.923 million in August. All expenditure was as anticipated as Stage 1 of the GaRP trial was finalised and the Interim Analysis conducted.

Financial position

The Group's cash balance as at 30 June 2024 was \$982,107 (up from \$351,184 as at 30 June 2023).

The Group's decreased expenditure contributed to a reduction in the loss for the year to \$1,451,242 (down from \$2,023,188 in 2023).

Other items

Significant changes in state of affairs

During the year, a total of 47,969,742 shares were issued pursuant to the entitlement offer announced on 8 December 2023 and a further 23,250,000 shares were issued in May 2024 pursuant to a share placement offer announced on 1 May 2024, raising a further \$930,000 before costs.

There were no other significant changes in the Group's state of affairs during the year.

Dividends paid or recommended

No dividends were declared or paid to members for the year ended 30 June 2024. The directors do not recommend that a dividend be paid in respect of the financial year.

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Other items (continued)

Events after the reporting date

A General Meeting was held on the 5th July 2024 in Adelaide to ratify the May placement and approve Director participation and Options to Directors and Advisors.

Except for the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely future developments and results

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

Environment Regulation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Director Information

Information on directors

Dr David Brookes

Experience

Executive Chair

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 Perkin Elmer 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 Dominion Minerals Limited (ASX:DLM), and a Non-Executive Director of Island Pharmaceuticals (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

Dominion Minerals Limited (ASX:DLM), previously known as 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.

Special Responsibilities

Chair of Board
Member of the audit and risk management committee
Member of the remuneration and nominations committee

Directorships held in other listed entities during the three years prior to the current year

None

Mr Nicholas Haslam

Experience

Non-Executive Director

Nick is a chartered accountant with ten years of experience in professional services with M&A and restructuring at PwC, before undertaking leadership roles in professional sports and medical device companies.

With respect to medical experience, Nick is formerly the Chief Executive Officer of Plasma Shield Limited, an Australian air decontamination company, as well as commercial manager of KangaTech Pty Ltd, an injury prevention business, with customers spread across Australia, the US, and Europe.

Other current public directorships

None

Special Responsibilities

Chair of the audit and risk management committee

Directorships held in other listed entities during the three years prior to the current year

None

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Director Information (continued)

Information on directors (continued)

Dr Jane Ryan

Experience

Non-Executive Director, resigned 2 October 2023

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 the 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 (NASDAQ:BNOX).

Other current public directorships

Bionomics Ltd (NASDAQ:BNOX), since 1 October 2020
IDT Australia Limited (ASX:IDT), since 28 January 2022

Special Responsibilities

Member of the audit and risk management committee
Chair of the remuneration and nominations committee

Directorships held in other listed entities during the three years prior to the current year

None

Mr John Michailidis

Experience

Executive Director, appointed 2 October 2023

John is an accomplished CEO with over 30 years' experience in the healthcare, pharmaceutical and biotechnology industries both in Australia and internationally. He has a proven track record in business transformation, entrepreneurship, translation and commercialisation of science organisations; government engagement and influence; effectiveness in research translation; business development and organisational responsibility.

Other current public directorships

None

Special Responsibilities

Chief Operating Officer

Directorships held in other listed entities during the three years prior to the current year

None

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Director Information (continued)

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 Chartered Accountants Australia & New Zealand and the Australian Institute of Company Directors.

Meetings of directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr David Brookes	12	12	2	2	1	1
Dr Jane Ryan	4	4	1	1	1	1
Mr Nicholas Haslam	12	12	2	2	1	1
Mr John Michailidis	8	8	1	1	-	-

Indemnification and insurance of officers and auditors

(a) Insurance of officers

During the financial year, the Group paid a premium of \$30,250 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

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

(b) Indemnity of auditors

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

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Proceedings on behalf of 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*.

Options

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
23-08-2021	18-08-2025	0.2256	20,000
16-11-2021	14-11-2025	0.2226	1,350,000
29-11-2021	25-11-2025	0.2030	300,000
28-11-2022	11-12-2025	0.0700	7,495,595
19-12-2022	11-12-2025	0.0700	15,857,163
21-02-2023	11-12-2025	0.0700	4,397,026
07-05-2024	06-05-2027	0.1000	2,000,000
Total			31,419,784

Date performance rights granted	Expiry date	Number under performance rights
31-08-2022	31-08-2025	206,612
01-08-2023	01-08-2026	1,611,176
Total		1,817,788

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.

Options exercised during the year

No ordinary shares of the Company were issued during the year ended 30 June 2024 from the exercise of issued options. No ordinary shares of the Company were issued during the year ended 30 June 2024 from the exercise of performance rights.

Anatara Lifesciences Ltd

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Directors' Report

30 June 2024

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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 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 are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the Grant Thornton Audit Pty Ltd and its related entities and other Grant Thornton network firms for non-audit services provided during the year ended 30 June 2024:

	2024	2023
	\$	\$
Tax compliance services	-	38,000
Total remuneration for taxation services	-	38,000
Total remuneration for non-audit services	-	38,000

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2024 has been received and can be found on page 21 of the consolidated financial report.

Rounding of Amounts

The Company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191* applies and, accordingly, amounts in the consolidated financial statements and directors' report have been rounded to the nearest dollar.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Directors' Report

30 June 2024

Remuneration report (audited)

The directors present the Company's 2024 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

Dr David Brookes, Executive Chair
Dr Jane Ryan, Non-Executive Director - Resigned 2 October 2023
Mr Nicholas Haslam, Non-Executive Director
Mr Simon Erskine, Chief Development Officer
Mr John Michailidis, Executive Director / Chief Operating Officer

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(b) Remuneration policy and link to performance

The remuneration and nominations committee of the Company is mainly comprised of independent non-executive directors. The committee reviews and determines the Company's remuneration policy and structure annually to ensure it remains aligned to business needs, and meets Company 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
Short-term incentives (STI)	Reward for in-year performance and retention	KPI achievement, determined by remuneration and nominations committee	CDO: 30% of FR
Long-term incentives (LTI)	Alignment to long-term shareholder value	KPI achievement, determined by remuneration and nominations committee	CDO: 300,000 unlisted 4 year options at \$0.2030 exercise price, vesting over a 3-year period from the grant date

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

The Company'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:

- Product development and commercialisation.

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(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. Fixed remuneration 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 (STI)

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentives (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The short-term incentives 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 Group's CDO is entitled to short-term incentives in the form of cash bonus up to 30% of fixed remuneration 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.

(iii) Long-term incentives (LTI)

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.

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(d) Link between remuneration and Statutory performance indicators

The directors aim to align executive remuneration to 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.

	2024	2023	2022	2021	2020
	\$				\$
Loss for the year attributable to owners (\$)	1,451,242	2,023,188	2,532,293	1,995,874	3,364,644
Basic loss per share (cents)	0.97	2.07	3.56	3.18	6.77
Share price at year-end (\$)	0.04	0.03	0.06	0.16	0.13

The Group'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 the Company. The Company continues to focus on revenue growth with the objective of achieving key commercial milestones in order to add further shareholder value.

(e) Remuneration expenses for the year ended 30 June 2024

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.

	Short Term	Post	Long Term	Share Based Payments		Total
		Employment		Long service leave	Options	
2024	\$	Superannuation	\$	\$	\$	\$
Non-executive directors						
Dr Jane Ryan (1)	15,000	1,650	-	-	-	16,650
Mr Nicolas Haslam	60,000	6,600	-	-	-	66,600
Executive directors						
Dr David Brookes	150,000	16,500	-	6,411	-	172,911
Mr John Michailidis (2)	154,113	16,505	167	-	-	170,785
Other KMP						
Mr Simon Erskine	207,311	22,000	1,491	3,818	54,780	289,400
Total KMP compensation	586,424	63,255	1,658	10,229	54,780	716,346

Notes:

(1) Dr Jane Ryan resigned on 2 October 2023.

(2) Mr John Michailidis was appointed as Executive Director on 2 October 2023.

(3) The options expense has been recognised in respect of options issued in previous years.

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(e) Remuneration expenses for the year ended 30 June 2024 (continued)

	Short-Term Benefits	Post-	Long Term Benefits	Share Based Payments		Total
		Employment Benefits		Options	Performance rights	
		Superannuation	Long service leave			
2023	\$	\$	\$	\$		\$
Non-executive directors						
Ms Sue MacLeman (1)	27,000	2,835	-	6,412	-	36,247
Dr Jane Ryan	61,154	6,421	-	14,830	-	82,405
Mr Nicolas Haslam (2)	34,154	3,586	-	-	-	37,740
Executive director						
Dr David Brookes	152,223	15,983	-	29,661	-	197,867
Other KMP						
Mr Simon Erskine (3)	213,222	21,404	584	8,832	69,780	313,822
Mr John Michailidis	107,500	11,288	-	-	-	118,788
Total KMP compensation	595,253	61,517	584	59,735	69,780	786,869

Notes:

(1) Ms Sue MacLeman resigned on 7 December 2022.

(2) Mr Nicholas Haslam was appointed on 7 December 2022.

(3) Subsequent to year end, 1,611,176 performance rights were issued to Mr Simon Erskine, as part of his final performance bonus of \$54,780. These performance rights have nil exercise price and expire on 1 August 2026.

(f) Contractual arrangements with executive KMPs

Name: Dr David Brookes
 Position: Executive Chair
 Contract duration: Unspecified
 Notice period: Unspecified
 Fixed remuneration: \$150,000 per annum, plus 11% superannuation

Name: Mr Simon Erskine
 Position: Chief Development Officer
 Contract duration: Unspecified
 Notice period: 3 months by either party
 Fixed remuneration: \$220,000 per annum, including 11% superannuation

Name: Mr John Michailidis
 Position: Executive Director / Chief Operating Officer
 Contract duration: Unspecified
 Notice period: Unspecified
 Fixed remuneration: \$8,000 per month, adjusted based on time commitment, plus 11% superannuation

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(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 higher base fee than other non-executive directors, reflective of the additional demands and responsibilities of this role.

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

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

Base fees

Chair	\$150,000
Other non-executive directors	\$60,000

(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 in (e) above.

	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
	%	%	%	%	%	%
Non-executive directors						
Ms Sue MacLeman (1)	-	82	-	-	-	18
Dr Jane Ryan (2)	84	82	-	-	16	18
Mr Nicolas Haslam (3)	100	-	-	-	-	-
Executive director						
Dr David Brookes	96	85	-	-	4	15
Mr John Michailidis (4)	100	100	-	-	-	-
Other KMP						
Mr Simon Erskine	80	75	-	-	20	25

Notes:

(1) Ms Sue MacLeman resigned on 7 December 2022.

(2) Dr Jane Ryan resigned on 2 October 2023.

(3) Mr Nicholas Haslam was appointed on 7 December 2022.

(4) Mr John Michailidis was previously the Chief Operating Officer and was appointed as Executive Director on 2 October 2023.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Directors' Report

30 June 2024

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 exercised date	Expiry date	Exercise price (\$)	Value per option at grant date (\$)	Vested (%)
16-11-2021	16-11-2022	14-11-2025	0.2226	0.0748	100%
16-11-2021	16-11-2023	14-11-2025	0.2226	0.0748	100%
29-11-2021	25-11-2022	25-11-2025	0.2030	0.0708	100%
29-11-2021	25-11-2023	25-11-2025	0.2030	0.0708	100%
29-11-2021	25-11-2024	25-11-2025	0.2030	0.0708	86%

The vesting criteria for the options to become exercisable is that the option holder remains an employee of the company during the vesting period

Performance rights

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

Grant Date	Vesting and exercised date	Expiry date	Exercise price (\$)	Value per performance right at grant date (\$)	Vested (%)
01-08-2023	01-08-2023	01-08-2026	-	0.0340	100%

Directors' Report

30 June 2024

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

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

Share Holdings

	Balance at beginning of year (1)	Granted as remuneration	Exercised	Other changes (2)	Balance at the end of year (3)
30 June 2024	No.	No.	No.	No.	No.
Shares					
Dr David Brookes	2,164,286	-	-	2,365,716	4,530,002
Dr Jane Ryan (4)	325,936	-	-	-	325,936
Mr Nicholas Haslam	-	-	-	-	-
Mr Simon Erskine	-	-	-	-	-
Mr John Michailidis (5)	499,999	-	-	450,000	949,999
	2,990,221	-	-	2,815,716	5,805,937

Notes:

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

(2) Other changes incorporates changes from the acquisition of shares.

(3) For a former KMP, the balance is at the date they cease to be a KMP.

(4) Dr Jane Ryan resigned on 2 October 2023.

(5) Mr John Michailidis was previously the Chief Operating Officer and was appointed as Executive Director on 2 October 2023.

Option Holdings

	Balance at beginning of year (1)	Granted as remuneration	Exercised	Other changes (2)	Balance at the end of year (3)	Vested and exercisable
30 June 2024	No.	No.	No.	No.	No.	No.
Options						
Dr David Brookes	1,832,143	-	-	-	1,832,143	1,832,143
Dr Jane Ryan (4)	521,432	-	-	-	521,432	296,432
Mr Simon Erskine	300,000	-	-	-	300,000	200,000
Mr John Michailidis (5)	250,000	-	-	-	250,000	250,000
	2,903,575	-	-	-	2,903,575	2,578,575

Notes:

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

(2) Other changes incorporates changes from the acquisition of shares or options.

(3) For a former KMP, the balance is at the date they cease to be a KMP.

(4) Dr Jane Ryan resigned on 2 October 2023.

(5) Mr John Michailidis was previously the Chief Operating Officer and was appointed as Executive Director on 2 October 2023.

Directors' Report
30 June 2024

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

Performance Rights

	Balance at beginning of year	Granted as remuneration	Exercised	Other changes	Balance at the end of year
30 June 2024	No.	No.	No.	No.	No.
Performance Rights					
Mr Simon Erskine (1)	206,612	1,611,176	-	-	1,817,788
	206,612	1,611,176	-	-	1,817,788

Notes:

(1) On 1 August 2023, 1,611,176 performance rights with nil exercise price and an expiration date of 1 August 2026 were issued to Mr Simon Erskine as part of his performance bonus for the year ended 30 June 2023. The value of these performance rights was recognised in the statement of profit or loss in the previous financial year.

(i) **Other transactions with key management personnel**

There are no other transactions with key management personnel of the Company.

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

The Company received more than 97 percent of favourable votes on its remuneration report for the 2023 financial year. The Company did not receive any specific feedback at the 2023 annual general meeting or throughout the year on its remuneration practices.

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors



Director:
 Dr David Brookes, Executive Chair

Adelaide

Dated this 22 day of August 2024

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Corporate Governance Statement

30 June 2024

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

The 2024 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2024 financial year.

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/>.

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Auditor's Independence Declaration

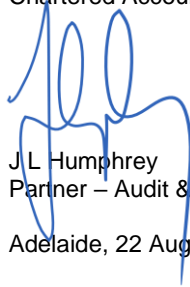
To the Directors of Anantara Lifesciences Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Anantara Lifesciences Ltd for the year ended 30 June 2024, 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



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 22 August 2024

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Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

		2024	2023
	Note	\$	\$
Other income	6(a)	644,026	1,245,846
General and administrative expenses	6(b)	(1,354,243)	(1,682,693)
Research expenses	6(b)	(748,910)	(1,602,231)
Operating loss		(1,459,127)	(2,039,078)
Finance income		7,885	18,260
Finance expenses		-	(2,370)
Finance income - net		7,885	15,890
Loss before income tax		(1,451,242)	(2,023,188)
Income tax expense	7	-	-
Loss for the year		(1,451,242)	(2,023,188)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(1,451,242)	(2,023,188)
Total comprehensive loss attributable to: Owners of Anatara Lifesciences Ltd		(1,451,242)	(2,023,188)
Loss per share attributable to the ordinary equity holders of the company			
From continuing operations:			
Basic earnings per share (cents)	22	(0.97)	(2.07)
Diluted earnings per share (cents)	22	(0.97)	(2.07)

The accompanying notes form part of these financial statements.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Statement of Financial Position As At 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	982,107	351,184
Trade and other receivables	9	671,092	1,004,078
Other financial assets		-	50,000
Other assets		17,429	10,853
TOTAL CURRENT ASSETS		1,670,628	1,416,115
NON-CURRENT ASSETS			
Property, plant and equipment		794	3,258
TOTAL NON-CURRENT ASSETS		794	3,258
TOTAL ASSETS		1,671,422	1,419,373
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	269,691	474,462
Employee benefits	11	34,472	19,705
TOTAL CURRENT LIABILITIES		304,163	494,167
NON-CURRENT LIABILITIES			
Employee benefits	11	2,686	665
TOTAL NON-CURRENT LIABILITIES		2,686	665
TOTAL LIABILITIES		306,849	494,832
NET ASSETS		1,364,573	924,541
EQUITY			
Issued capital	12	23,176,613	21,368,718
Reserves	13	278,030	347,698
Accumulated losses		(22,090,070)	(20,791,875)
TOTAL EQUITY		1,364,573	924,541

The accompanying notes form part of these financial statements.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Note	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2023		21,368,718	347,698	(20,791,875)	924,541
Loss for the year		-	-	(1,451,242)	(1,451,242)
Total comprehensive loss for the year		-	-	(1,451,242)	(1,451,242)
Transactions with owners in their capacity as owners					
Issue of shares	12	1,985,334	-	-	1,985,334
Less: capital raising costs	12	(177,439)	32,000	-	(145,439)
Share based payment expense - options	20(b)	-	(3,401)	-	(3,401)
Options lapsed	13	-	(153,047)	153,047	-
Performance rights issued	20	-	54,780	-	54,780
Total transactions with owners in their capacity as owners		1,807,895	(69,668)	153,047	1,891,274
Balance at 30 June 2024		23,176,613	278,030	(22,090,070)	1,364,573

2023

	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2022		19,908,471	439,488	(18,983,656)	1,364,303
Loss for the year		-	-	(2,023,188)	(2,023,188)
Total comprehensive loss for the year		-	-	(2,023,188)	(2,023,188)
Transactions with owners in their capacity as owners					
Issue of shares	12	1,697,482	-	-	1,697,482
Less: capital raising costs	12	(242,235)	53,550	-	(188,685)
Share based payment expense - options	20(b)	-	54,629	-	54,629
Options lapsed	13	-	(214,969)	214,969	-
Performance rights issued	20	-	20,000	-	20,000
Performance rights exercised	20	5,000	(5,000)	-	-
Total transactions with owners in their capacity as owners		1,460,247	(91,790)	214,969	1,583,426
Balance at 30 June 2023		21,368,718	347,698	(20,791,875)	924,541

The accompanying notes form part of these financial statements.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Statement of Cash Flows For the Year Ended 30 June 2024

	2024	2023
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees (inclusive of GST)	(2,195,763)	(3,071,976)
Interest received	7,208	17,582
Government grants and research & development tax incentives	923,236	771,898
Other income	17,923	24,600
Net cash (used in) operating activities	14 <u>(1,247,396)</u>	<u>(2,257,896)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	-	(1,726)
Proceeds from term deposits	50,000	-
Net cash provided by/(used in) investing activities	<u>50,000</u>	<u>(1,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	1,985,334	1,697,482
Share issue transaction costs	(157,015)	(188,685)
Lease payments	-	(18,195)
Net cash provided by financing activities	<u>1,828,319</u>	<u>1,490,602</u>
Net increase / (decrease) in cash and cash equivalents held	630,923	(769,020)
Cash and cash equivalents at beginning of year	351,184	1,120,204
Cash and cash equivalents at end of financial year	8 <u>982,107</u>	<u>351,184</u>

The accompanying notes form part of these financial statements.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

The consolidated financial report covers Anatara Lifesciences Ltd ("the Company") and its controlled entities ("the Group"). Anatara Lifesciences Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Anatara Lifesciences Ltd, have not been presented within this financial report as permitted by the *Corporations Act 2001* and Australian Accounting Standards requirements.

The financial report was authorised for issue by the Directors on August 2024.

Comparatives are consistent with prior years, unless otherwise stated.

2 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

(a) Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Reporting basis and conventions

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) 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 \$1,451,242 (2023: \$2,023,188) and had operating cash outflows of \$1,247,396 (2023: \$2,257,896) for the year ended 30 June 2024. As at 30 June 2024, the Group held cash and cash equivalents of \$982,107 (2023: \$351,184). 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 includes capital raising.

The directors have assessed that the Group 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 Group 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 Group does not continue as a going concern.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

2 Basis of Preparation (continued)

(d) 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.

3 Summary of Material Accounting Policy Information

Material accounting policy information adopted in the preparation of these financial statements is presented below and has been consistently applied unless stated otherwise.

(a) Basis for consolidation

A list of controlled entities is contained in Note 17 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent 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 relevant 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.

(b) Foreign currency transactions and balances

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 dollars (\$), which is the Group's functional and presentation currency.

Transaction 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 statement of profit or loss on a net basis within other gains/(losses).

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

3 Summary of Material Accounting Policy Information (continued)

(c) Revenue and other income

Grant revenue

Transactions involving government grants received are accounted for by applying AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. 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. In relation to Research and Development tax incentive, as the estimate is able to be reliably measured, the research and development tax incentive is measured on an accruals basis.

Research and Development Tax Incentive

In relation to Research and Development tax incentive, as the estimate is able to be reliably measured, the research and development tax incentive is measured on an accruals basis.

(d) Income tax

The income tax expense or credit for the year is the tax payable or receivable 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.

(e) 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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

3 Summary of Material Accounting Policy Information (continued)

(f) 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.

(g) 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 9 for further information about the Group's accounting for trade receivables and note 15(b) for a description of the Group's impairment policies.

(h) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

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).

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

3 Summary of Material Accounting Policy Information (continued)

(h) Financial instruments (continued)

Financial assets (continued)

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.

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 (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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 statement of profit or loss.
- **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 statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

3 Summary of Material Accounting Policy Information (continued)

(i) 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.

(j) Employee benefits

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 20.

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 Group 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.

Performance rights

Performance pay for selected employees of the Group may be paid in performance rights rather than cash, subject to board approval. Performance rights to be issued to employees are long-term incentives under the Executive Option Plan.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

3 Summary of Material Accounting Policy Information (continued)

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(l) 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 year, adjusted for bonus elements in ordinary shares issues during the year.

Diluted loss per share adjusts the basic earnings per share to take into account the after 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.

(m) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are presented on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

4 Critical Accounting Estimates and Judgments

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.

Key estimates - estimation of R&D tax incentive income accrual - note 6(a)(i)

Management has used judgements to assess the Group's eligible research and development (R&D) activities and eligible expenditure under the incentive scheme. The determination of the eligible R&D activities and eligible expenditure would affect the expected amounts recognised for R&D tax incentive. The R&D tax incentive refund provides an important source of funding and enables the Group to progress the development and commercialisation of our GaRP product.

Key estimates - share based payments - note 20

Management has used judgements to assess the Group's share-based payments by determining the choice of option pricing model. The choice of model would result in option valuation that requires various underlying assumptions to determine the fair value of options and performance rights at grant date.

Management used the Black-Scholes option pricing model that takes into account the exercise price, term of the option or performance right, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions as all these inputs would affect the share-based payments valuation. The share-based payments are long-term incentives which allow executives to participate in, and benefit from, the growth of the Group as a result of their efforts and to assist in motivating and retaining those key employees over the long-term.

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 Group and that are believed to be reasonable under the circumstances.

5 Operating Segments

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 Executive Chair of the Company.

The Group has identified one reportable segment; that is, the research, development of oral solutions for gastrointestinal diseases and the commercialisation of the Detach® diarrhoea treatment for piglets. The segment details are therefore fully reflected in the body of the consolidated financial statements.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

6 Other Income and Expense Items

(a) Other Income

	Note	2024 \$	2023 \$
Other Income			
- Research & development tax incentive	(i)	626,103	1,215,150
- Other grants		16,164	24,600
- Other income		1,759	-
- Gain on lease modification		-	6,096
Total other income		644,026	1,245,846

(i) R&D tax incentive

The Group's Research & 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 2024, the Group has recognised a receivable of \$626,103 (2023 \$923,236).

(b) Breakdown of expenses by nature

		2024 \$	2023 \$
General and administrative expenses			
Accounting and audit fees		184,891	206,989
Consulting fees		103,945	216,264
Depreciation		2,463	24,763
Employee benefits		695,628	687,639
Insurance		57,723	64,106
Investor relations		103,525	71,287
Legal expenses		9,899	25,950
Listing and share registry		53,633	69,253
Occupancy costs		23	5,012
Share-based payment expense	20(b)	28,599	54,629
Superannuation		65,882	74,907
Travel and entertainment		20,705	23,115
Other expenses		27,327	158,779
Total general and administrative expenses		1,354,243	1,682,693
Research expenses			
Corporate and finance		-	107,353
Project research and development		748,910	1,494,878
Total research expenses		748,910	1,602,231

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2024

7 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2024	2023
	\$	\$
Loss from continuing operations before income tax expense	(1,451,242)	(2,023,188)
Tax at the Australian tax rate of 25.0% (2023: 25.0%)	(362,811)	(505,797)
Add:		
Tax effect of:		
- Accounting expenditure subject to R&D tax incentive	359,830	530,595
- Share-based payments	7,150	13,658
- Other items	42,299	3,697
	46,468	42,153
Less:		
Tax effect of:		
- R&D tax incentive	156,526	303,788
Income tax attributable to parent entity	(110,058)	(261,635)
Tax losses and other timing differences for which no deferred tax asset is recognised	110,058	261,635
Income tax expense	-	-

(b) Tax losses:

Deferred tax assets have not been recognised in respect of the following:

	2024	2023
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	12,625,530	11,609,599
Potential tax benefit @ 25.0% (2023: 25.0%)	3,156,383	2,902,400

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein. Unused tax losses can be carried forward indefinitely subject to continuity of ownership and business continuity test.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

8 Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash at bank and in hand	932,016	351,184
Term deposit	50,091	-
Total cash and cash equivalents	982,107	351,184

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2024	2023
	\$	\$
Cash and cash equivalents	982,107	351,184
Balance as per consolidated statement of cash flows	982,107	351,184

(b) 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 3(f) for the Group's other accounting policies on cash and cash equivalents.

(c) Risk exposure

The Group's exposure to interest rate risk is discussed in note 15. 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.

9 Trade and Other Receivables

	2024	2023
	\$	\$
CURRENT		
Research and Development Tax Incentive receivable	626,103	923,236
Other receivables	44,989	80,842
Total current trade and other receivables	671,092	1,004,078

(a) Fair value of trade and other receivables

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

10 Trade and Other Payables

	2024	2023
	\$	\$
CURRENT		
Trade and other payables	248,028	436,508
Other payables	21,663	37,954
Total trade and other payables	269,691	474,462

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Employee Benefits

	2024	2023
	\$	\$
CURRENT		
Provision for employee benefits - annual leave	34,472	19,705
Total current employee benefits	34,472	19,705
NON-CURRENT		
Provision for employee benefits - long service leave	2,686	665
Total non-current employee benefits	2,686	665

(a) 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.

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 majority of leave provision is presented as current, being \$34,472 (2023: \$19,705), 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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

12 Issued Capital

	2024	2023
	\$	\$
191,143,727 (2023: 119,923,985) Ordinary shares	24,520,876	22,535,542
Share issue costs	(1,344,263)	(1,166,824)
Total issued capital	23,176,613	21,368,718

(a) Movements in ordinary shares

	Number of shares	Total \$
Balance at 1 July 2022	71,355,621	19,908,471
Issue at \$0.035 pursuant to Placement - Tranche 1 (28-10-2022)	10,703,343	374,617
Issue at \$0.035 pursuant to Entitlement Offer (28-11-2022)	14,991,156	524,691
Issue at \$0.035 pursuant to Placement - Tranche 2 (16-12-2022)	14,010,943	490,383
Exercise of performance rights with nil cash consideration (27-01-2022)	68,871	-
Transfer from reserves on exercise of performance rights (27-01-2023)	-	5,000
Issue at \$0.035 pursuant to Shortfall Offer (21-02-2023)	8,794,051	307,791
Less: Transaction costs arising on share issues	-	(242,235)
Balance at 30 June 2023	119,923,985	21,368,718
Issue at \$0.022 pursuant to Entitlement Offer (08-12-2023)	43,437,967	955,635
Issue at \$0.022 pursuant to Entitlement Offer (18-12-2023)	4,531,775	99,699
Issue at \$0.04 pursuant to share placement (07-05-2024)	23,250,000	930,000
Less: Transaction costs arising on share issues	-	(177,439)
Balance at 30 June 2024	191,143,727	23,176,613

(b) 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.

(c) 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 13.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

13 Reserves

(a) Share-based payments reserve

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

(b) Movement in options and performance rights

	Note	Number of options	Number of performance rights	Total \$
Balance at 1 July 2022		4,877,704	-	439,488
Options expired/lapsed during the year		(1,217,704)	-	(214,970)
Options forfeited		(265,000)	-	(5,903)
Issue of options to external consultants	(i)	3,500,000	-	53,550
Share-based payment expenses of options issued in prior years		-	-	60,533
Issue of performance rights	(ii)	-	275,483	20,000
Performance rights exercised during the year		-	(68,871)	(5,000)
Balance at 30 June 2023		6,895,000	206,612	347,698
Options expired/lapsed during the year		(1,500,000)	-	(153,047)
Options forfeited during the year		(225,000)	-	(13,631)
Issue of options to external consultants	(iii)	2,000,000	-	32,000
Share-based payment expenses of options issued in prior years		-	-	10,230
Issue of performance rights	(iv)	-	1,611,176	54,780
Balance at 30 June 2024	(v)	7,170,000	1,817,788	278,030

(i) The issue of 3,500,000 options to external consultants was approved by shareholders at the general meeting held in December 2022.

(ii) On 31 August 2022, 275,483 performance rights were issued to employees, as part of their performance bonus of \$20,000 recognised as expenses in the prior year.

(iii) The issue of 2,000,000 options to external consultants was approved by shareholders at the general meeting held in July 2024.

(iv) On 1 August 2023, 1,611,176 performance rights were issued to an employee as part of their performance bonus of \$54,780 recognised as an expense in the prior year.

(v) This number of options balance does not include options issued during the year that are not in relation to share based payments.

Unlisted options:

For every 2 shares subscribed for in the placement on 28 November 2022, 15 December 2022 and 21 February 2023, one listed option was issued with an exercise price of 7c per option, expiring on 11 December 2025. The total number of unlisted options at 30 June 2024 is 24,249,784.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

13 Reserves (continued)

(b) Movement in options and performance rights (continued)

Fair value of options granted:

See note 20(a)(ii) for details of fair value measurement of options issued during the year.

The model inputs for options granted to external consultants during the year ended 30 June 2024 included:

2024 Grant Date	Expiry Date	Exercise price \$	No. of options	Share price at grant date \$	Expected volatility	Dividend yield	Risk- free interest rate	Fair value at grant date per option \$
07 May 2024	06 May 2027	0.1000	<u>2,000,000</u>	0.046	79.60 %	- %	3.91 %	0.0160
			<u>2,000,000</u>					

14 Cash Flow Information

(a) Reconciliation of (loss) for the year to cashflows from operating activities

Reconciliation of net (loss) to net cash provided by operating activities:

	2024 \$	2023 \$
Loss for the year	(1,451,242)	(2,023,188)
Non-cash flows in loss:		
- depreciation and amortisation	6(b) 2,463	24,763
- finance costs	-	2,370
- issue of performance rights	54,780	20,000
- (gain) on lease modification	-	(6,096)
- share-based payments	20 28,599	54,629
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	332,986	(495,553)
- (increase)/decrease in other assets	(6,574)	7,316
- (decrease)/increase in trade and other payables	(225,196)	173,108
- decrease/(increase) in other liabilities	16,788	(15,245)
Net cash (outflow) from operations	<u>(1,247,396)</u>	<u>(2,257,896)</u>

(b) Non-cash investing and financing activities

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

- Options/performance rights issued for no cash consideration - note 20.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

15 Financial Risk Management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. The Group's risk management is predominantly controlled by the board. The board monitors the Group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The majority of the Group'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 2024 and 2023, 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:

		2024	2023
		\$	\$
Financial instruments with cash flow risk			
Cash and cash equivalents	8	932,016	351,184
Term deposits		50,091	50,000
Total financial instruments with cash flow risk		982,107	401,184

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

15 Financial Risk Management (continued)

(a) Market risk (continued)

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-4.93% (2023: +/-3.38%), with effect from the beginning of the year. The use of 4.93% was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2024 and the previous four balance dates. The average cash rate at these balance dates was 1.93% (2023: 1.31%)

The average change to the cash rate between balance dates was 255.69% (2023: 257.80%). By multiplying these two values, the interest rate risk was derived. Loss sensitivity to movements in interest rates is reasonably consistent between 2024 and 2023 as increases in interest rates have been offset by a reduction in cash and cash equivalents. The Group's exposure to other classes of financial instruments with cash flow risk is not material.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2024	2023
	+/-4.93%	+/-3.38%
	\$	\$
Impact on loss for the period	48,465	12,945
Impact on other components of equity	-	-

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

(i) Risk management

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

(ii) Impairment of financial assets

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

15 Financial Risk Management (continued)

(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

	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 2024							
Payables	269,691	-	-	-	-	269,691	269,691
Total	269,691	-	-	-	-	269,691	269,691
At 30 June 2023							
Payables	474,462	-	-	-	-	474,462	474,462
Total	474,462	-	-	-	-	474,462	474,462

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

16 Capital management

(a) Risk management

The Group's objectives when managing capital are to:

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

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

As at 30 June 2024, the Group held cash and equivalents of \$982,107 (2023: \$351,184). The Group has put in place measures to reduce all non-critical expenditure.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2024 (2023: nil). The Group's franking account balance was nil at 30 June 2024 (2023: nil).

17 Interests in Subsidiaries

The Group's principal subsidiaries at 30 June 2024 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.

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
Subsidiaries:			
Sarantis Pty Ltd	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

18 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on August 2024 by the board of directors.

On 9 July 2024, 1,750,000 shares and 4,500,000 options were issued to Directors pursuant to the share placement offer announced on 1 May 2024 as approved by shareholders at a general meeting held on 5 July 2024.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

19 Related Parties

(a) The Group's main related parties are as follows:

Interests in subsidiaries are set out in note 17.

Key management personnel - refer to note 19(b).

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Key management personnel compensation

Key management personnel remuneration included within employee expenses for the year is shown below:

	2024	2023
	\$	\$
Short-term employee benefits	586,425	595,253
Post-employment benefits	63,255	61,517
Long-term benefits	1,658	584
Share-based payments	65,010	129,515
Total key management personnel compensation	716,348	786,869

(c) Transactions with other related parties

No transactions with related parties occurred in 2023 or 2024.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

20 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:

	2024		2023	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
	\$	No.	\$	No.
As at 1 July	0.23	3,395,000	0.48	4,877,704
Forfeited/lapsed during the year	0.25	(1,725,000)	0.44	(1,482,704)
As at 30 June	0.23	1,670,000	0.23	3,395,000
Vested and exercisable at 30 June	0.22	1,570,000	0.24	2,520,000

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

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

	Number	Grant Date	Vesting Date	Expiry Date	Exercise price
Options	20,000	23 August 2021	23 August 2022	18 August 2025	0.2256
Options	900,000	16 November 2021	16 November 2022	14 November 2025	0.2226
Options	450,000	16 November 2021	16 November 2023	14 November 2025	0.2226
Options	100,000	29 November 2021	25 November 2022	25 November 2025	0.2030
Options	100,000	29 November 2021	25 November 2023	25 November 2025	0.2030
Options	100,000	29 November 2021	25 November 2024	25 November 2025	0.2030
	<u>1,670,000</u>				

	2024	2023
Weighted average remaining contractual life of options outstanding at end of period	1.38	1.52

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

20 Share-Based Payments (continued)

(a) Executive option plan (continued)

(i) Vesting conditions

Vesting condition apply to options granted under the executive option plan (EOP). Shares are not be issued unless the vesting condition is met. The vesting condition generally depends on service periods of the employees or directors. If the vesting condition is not met on the relevant vesting date, the options lapse and the option holders are not issued any shares. The vesting condition that apply to the options offered are set out in the options offer letter and the EOP.

(ii) Fair value of options granted

The value attributed to options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares.

Management has assessed the fair value of options determined at grant date, using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

There were no options granted under EOP during the year ended 30 June 2024.

(b) Share-based payment arrangements

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

	2024	2023
	\$	\$
Options issued under EOP	10,230	60,533
Options issued to external brokers	32,000	-
Adjustment for previous share-based payments not vested	(13,631)	(5,904)
Total	28,599	54,629

(i) Performance pay

It was agreed that performance pay for selected employees for the year ended 30 June 2023 and 30 June 2022 would be paid in performance rights rather than cash. Performance rights to be issued to employees are long-term incentives under the Executive Option Plan (EOP). The performance rights for the 2023 financial year were granted on 1 August 2023.

(ii) Options issued to external consultants

The issue of 2,000,000 options to external consultants was approved by shareholders at the general meeting held in July 2024. See 13(b) for the fair value measurement of these options.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

21 Auditors' Remuneration

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

	2024	2023
	\$	\$
Audit and other assurance services		
- auditing or reviewing the financial statements	64,000	65,500
Taxation services		
- tax compliance services	-	38,000
Total auditor's remuneration	<u>64,000</u>	<u>103,500</u>

22 Loss Per Share

(a) Basic (loss) per share

	2024	2023
	Cents	Cents
Basic (loss) per share	(0.97)	(2.07)

(b) Diluted (loss) per share

	2024	2023
	Cents	Cents
Diluted (loss) per share	(0.97)	(2.07)

(c) Reconciliation of (loss) used in calculating basic and diluted loss per share

	2024	2023
	\$	\$
(Loss) attributable to the ordinary equity holders of the company used in calculating (loss) per share:		
(Loss) for the year	<u>(1,451,242)</u>	<u>(2,023,188)</u>

(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2024	2023
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>150,016,572</u>	<u>97,917,397</u>

On the basis of the Group's losses, the outstanding options as at 30 June 2024 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2024

23 Parent Entity

The following information has been extracted from the books and records of the parent, Anatara Lifesciences Ltd ("the Company") and has been prepared in accordance with Australian Accounting Standards.

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

(a) Guarantees

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2024 (2023: nil).

(b) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

(c) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any commitments for the acquisition of property, plant or equipment in the year ended 30 June 2024 or 30 June 2023.

(d) Determining parent entity financial information

(i) Tax consolidation legislation

Anatara Lifesciences Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Anatara Lifesciences Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Anatara Lifesciences Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

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

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2024

24 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: Nil).

25 Statutory Information

The registered office and principal place of business of the company is:

Anatara Lifesciences Ltd
c/- Perks, Level 8, 81 Flinders Street
Adelaide SA 5000
Australia

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Consolidated Entity Disclosure Statement as at 30 June 2024

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5 Income tax: central management and control test of residency.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Entity name	Entity type	Body corporates		Tax residency	
		Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
Anatara Lifesciences Ltd	Body corporate	Australia	N/A	Australian	N/A
Sarantis Pty Ltd	Body corporate	Australia	100	Australian	N/A

Anatara Lifesciences Ltd

ABN: 41 145 239 872

Directors' Declaration


The directors of the Company declare that:

1. the consolidated financial statements and notes set out on pages 22 - 50 are in accordance with the *Corporations Act 2001*, including:
 - a. comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. in the directors' opinion, the attached consolidated entity disclosure statement is true and correct as at 30 June 2024.

Note 2(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 the Board of Directors.

Director

Dr David Brookes, Executive Chair

Dated this 22 day of August 2024

Independent Auditor's Report

To the Members of Anantara Lifesciences Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Anantara Lifesciences Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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 2(c) in the financial statements, which indicates that the Group incurred a net loss of \$1,451,242 during the year ended 30 June 2024, and the Group's operating cash outflows were \$1,247,396. As at 30 June 2024 the Group had total cash and cash equivalents of \$982,107. These events or conditions, along with other matters as set forth in Note 2(c), 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 6(a) and 9(a)	
<p>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.</p> <p>Management reviews the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation.</p> <p>The Group recognises the R&D tax incentive on an accrual 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 year 1 July 2023 to 30 June 2024.</p> <p>This area is a key audit matter due to the judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining management's R&D incentive calculations that have been reviewed by management's expert and engaging an internal R&D Tax Expert to assist in assessing the reasonableness of the estimate;• Performing a review to -verify that any relevant legislation changes have been appropriately applied;• 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 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 assess whether the expenses included in the estimate are likely to meet the eligibility criteria;• Assessing the eligible expenditure used to calculate the estimate is in accordance with expenditure recorded in the general ledger;• Vouching a sample of expenditure items included in the estimate to supporting documentation to verify that they are appropriately recognised in the accounting records and 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 2024, 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:

- a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/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 the Directors' report for the year ended 30 June 2024.

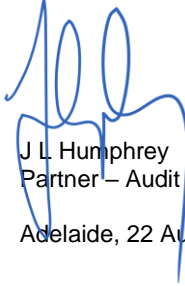
In our opinion, the Remuneration Report of Anantara Lifesciences Ltd, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

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.

The logo for Grant Thornton, featuring the company name in a blue, cursive script font.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A blue ink signature of J. L. Humphrey, written in a cursive style.

J. L. Humphrey
Partner – Audit & Assurance

Adelaide, 22 August 2024