

Anatara Lifesciences Ltd

Appendix 4D

Half-year 31 December 2021

Name of entity:	Anatara Lifesciences Ltd
ABN:	41 145 239 872
Half-year ended:	31 December 2021
Previous period:	31 December 2020

Results for announcement to the market

				\$
Revenue for ordinary activities	Down	53.5%	to	318,776
Net loss after tax (from ordinary activities) for the period attributable to members	Up	16.0%	to	(1,193,810)

Net tangible assets per security

	31 December 2021	31 December 2020
	\$	\$
Net tangible asset backing (per share)	0.04	0.07

The calculation of net tangible assets excludes right-of-use assets arising from AASB 16 Leases.

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

Distributions

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (31 December 2020: nil).

Changes in controlled entities

N/A

Other information required by Listing Rule 4.2A

N/A

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Anatara Lifesciences Ltd

ABN 41 145 239 872

Interim financial report for the half-year 31 December 2021

Directors	Dr David Brookes <i>Non-Executive Chair</i> Ms Sue MacLeman <i>Non-Executive Director</i> Dr Jane Ryan <i>Non-Executive Director</i>
Secretary	Mr Stephen Denaro
Principal registered office in Australia	Level 3, 62 Lygon Street Carlton South VIC 3053 Australia +61 (0)3 9824 5454
Share and debenture register	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane QLD 4000 +61 (0)7 3237 2100
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 +61 (0)3 8320 2222
Solicitors	Thomson Geer Level 16, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Bankers	Commonwealth Bank of Australia Melbourne VIC 3000
Website	www.anataralifesciences.com

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Anatara Lifesciences Ltd

ABN 41 145 239 872

Interim report - 31 December 2021

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Your directors present their report on the consolidated entity consisting of Anatara Lifesciences Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2021. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were directors of Anatara Lifesciences Ltd during the whole of the half-year and up to the date of this report:

Dr David Brookes
Ms Sue MacLeman
Dr Jane Ryan

In July 2021, Anatara announced the transition of Dr David Brookes from Non-Executive Director to Chairman. Sue MacLeman will continue on the Board, transitioning from Chair to Non-Executive Director. The Board determined that, having successfully steered the Company following its decision to focus on the development of products and technologies in the human health sector with a focus on gut health, the time was now right for Dr Brookes to transition to the role of Chair as the Company progresses towards clinical trials.

Principal activities

The Group is an Australian listed entity that is developing and commercialising innovative, evidence-based products for gastrointestinal health in humans and animals where there is a significant unmet need. Lead products are the Gastrointestinal ReProgramming dietary supplement (GaRP) for humans and Detach® for animals.

Dividends

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2021: \$nil).

Review of operations and financial results

Despite the delays to the commencement of our human trials, we remain in a good financial position with cash at bank of \$2,557,916 (30 June 2021: \$3,432,077). Our balance sheet provides scope for us to undertake both human trials and pursue initiatives to partner both our human and animal health assets.

During the half year to 31 December 2021, the Company made significant steps towards taking its first human gastrointestinal health product, GaRP, to market. Expenditure in furthering this effort resulted in a loss after tax of \$1,193,810 for the period. Anatara is prioritising research and development and commercial development with investment increasing in both areas. General and administrative expenditure was 10% lower than the previous corresponding period.

Review of operations and financial results (continued)

Human Health

An important milestone was achieved in August, when we launched the website to commence the human trial for the treatment of a sub-type of irritable bowel syndrome (IBS) using our Gastrointestinal ReProgramming (GaRP) complementary medicine. This randomised, double-blind, placebo-controlled trial will be conducted in two stages as a virtual trial, with minimal on-site visits and participants completing assessments online. The trial will use up to six sites and approximately 200 participants will enrol. Recruitment for the trial is underway. A new recruitment site in Adelaide commenced with the CSIRO on 17 February 2022. Due to the rapidly escalating Covid-19 spread of the Omicron variant and its implications for clinic staff and project operations, the difficult decision was taken to delay the Site Initiation Visit in late 2021. The interim trial readout is now anticipated in August 2022. The trial is anticipated to be completed in January 2023.

The same CSIRO site in Adelaide is undertaking a human trial on the effects of specific components of the GaRP formulation, known as 3FDC in the overall GaRP dietary supplementation, on psychological functioning in adults. Recruitment for this trial commenced on 21 February 2022 after the same circumstances of delay following the impact of the Omicron variant, after originally being scheduled to commence in late 2021. This randomised, double-blinded, placebo-controlled study will be undertaken with the aforementioned 3FDC which is the Company's name for 3 specific components of the GaRP complementary medicine combination that are coated for delivery beyond the small intestine.

3FDC is targeted to release from beyond the small intestine and exert effects in the large intestine. The coated delivery of these 3FDC components to the large intestine is considered important for effects beyond just the intestinal wall with direct and indirect influences on the gut-brain axis balance, including the microbiome homeostasis and metabolites of the microbiome. The CSIRO run clinical trial with 3FDC will observe effects on depression, anxiety and stress symptoms in otherwise healthy individuals. The trial is now anticipated to be completed in late 2022.

Animal Health

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

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

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

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

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

In FY21 Anatara successfully completed the poultry challenge trial "Efficacy of ANR-pf on the performance of broilers subject to subclinical and necrotic enteritis challenges". ANR-pf is Anatara's proprietary enriched formulation for poultry in water, designed to allow the full delivery of key additives in a quick and flexible dosing method on-farm even when stock illness is a concern. The study was a randomised, placebo controlled trial. The parameters analysed were bird weight gain (WG), feed intake (FI), feed conversion ratio (FCR), and more complex analysis such as an intestinal lesion score of necrosis and ulceration, and oocyst count in the excreta. There continues to be interest in ANR-pf with evaluation presently being undertaken by potential partners.

Review of operations and financial results (continued)

Partnering discussions

During the period we progressed licensing discussions for GaRP with international consumer health companies. We are highly encouraged by our discussions to date with potential partners and following the completion of our IBS human trial in January 2023, we expect to be in a strong position to announce a commercial partnership. There is potential for an earlier partnership if interim results, anticipated in August 2022, indicate a clear trend towards a statistically significant benefit. Given the size of the complementary medicine market for gastrointestinal health products that address a spectrum of symptoms and disorders, the GaRP pipeline can add substantially to the overall shareholder value. Anatara intends to seek licensing agreements and partnerships with established consumer health companies rather than contemplate direct marketing and distribution.

Commercial focus

In December, Anatara announced the strengthening of its team with the appointment of Mr. Simon Erskine as Chief Development Officer and Mr. Michael Pryor as Head of Business Development & Marketing Communications, to progress the Company's commercialisation activities in the gastrointestinal health space.

Looking ahead, Anatara is coming into exciting time in the Company's history. Over the next 12 months, the Company is targeting to:

- complete a human clinical study with GaRP in IBS patients this year;
- complete a human clinical study with 3FDC of psychological functioning in adults;
- progress a partnering deal for GaRP;
- expand interest in other indications for the GaRP formulation.

Significant changes in the state of affairs

During the period, there was a total of 1,117,098 new shares issued via exercise of performance rights.

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

Events since the end of the financial year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Dr David Brookes
Non-Executive Chair


Melbourne
23 February 2022

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 review of Anantara Lifesciences Ltd for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton
Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 23 February 2022

Anatara Lifesciences Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2021

		Consolidated entity	
		31 December	31 December
		2021	2020
	Notes	\$	\$
Other income	4	318,776	685,611
General and administrative expenses	4	(1,103,545)	(1,221,476)
Research and development expenses		(411,288)	(496,667)
Operating loss		(1,196,057)	(1,032,532)
Finance income		3,994	3,100
Finance expenses		(1,747)	-
Finance costs - net		2,247	3,100
Loss before income tax		(1,193,810)	(1,029,432)
Income tax expense		-	-
Loss for the period		(1,193,810)	(1,029,432)
Other comprehensive income			
Total comprehensive loss for the period		(1,193,810)	(1,029,432)
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	(1.68)	(1.64)
Diluted earnings per share	7	(1.68)	(1.64)

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

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Anatara Lifesciences Ltd
Consolidated balance sheet
As at 31 December 2021

		Consolidated entity	
		31 December	30 June
		2021	2021
Notes		\$	\$
ASSETS			
Current assets			
	Cash and cash equivalents*	2,557,916	3,432,077
5	Trade and other receivables	379,023	772,559
	Other current assets	110,241	37,123
	Total current assets	3,047,180	4,241,759
Non-current assets			
	Property, plant and equipment	10,541	5,778
	Right-of-use assets	69,162	79,253
	Total non-current assets	79,703	85,031
	Total assets	3,126,883	4,326,790
LIABILITIES			
Current liabilities			
	Trade and other payables	347,551	335,450
	Employee benefit obligations	31,120	53,037
	Lease liabilities	19,906	14,116
	Total current liabilities	398,577	402,603
Non-current liabilities			
	Employee benefit obligations	23,964	28,268
	Lease liabilities	55,618	65,801
	Total non-current liabilities	79,582	94,069
	Total liabilities	478,159	496,672
	Net assets	2,648,724	3,830,118
EQUITY			
	Contributed equity	19,908,471	19,755,634
	Other reserves	385,433	678,492
	Retained earnings	(17,645,180)	(16,604,008)
	Total equity	2,648,724	3,830,118

* Term deposits with a short maturity period of 90 days or less are included in cash and cash equivalents balance.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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Anatara Lifesciences Ltd
Consolidated statement of changes in equity
For the half-year 31 December 2021

	Attributable to owners of Anatara Lifesciences Ltd			Total equity \$
	Share capital \$	Share options and performance rights reserve \$	Accumulated losses \$	
Consolidated entity				
Balance at 1 July 2020	17,039,590	553,342	(14,736,267)	2,856,665
Loss for the period	-	-	(1,029,432)	(1,029,432)
Total comprehensive income for the half-year	-	-	(1,029,432)	(1,029,432)
Transactions with owners in their capacity as owners:				
Issued capital	3,070,005	-	-	3,070,005
Performance rights exercised	17,412	(17,412)	-	-
Less: Capital raising costs	(334,825)	-	-	(334,825)
Options forfeited/lapsed	-	(128,133)	128,133	-
Share based payment expense - options	-	215,917	-	215,917
	2,752,592	70,372	128,133	2,951,097
Balance at 31 December 2020	19,792,182	623,714	(15,637,566)	4,778,330
Balance at 1 July 2021	19,755,634	678,492	(16,604,008)	3,830,118
Loss for the period	-	-	(1,193,810)	(1,193,810)
Total comprehensive income for the half-year	-	-	(1,193,810)	(1,193,810)
Transactions with owners in their capacity as owners:				
Performance rights exercised	6(b) 157,837	(157,837)	-	-
Less: Capital raising costs	6(a) (5,000)	-	-	(5,000)
Options forfeited/lapsed	6(b) -	(152,638)	152,638	-
Share based payment expense - options	6(b) -	17,416	-	17,416
	152,837	(293,059)	152,638	12,416
Balance at 31 December 2021	19,908,471	385,433	(17,645,180)	2,648,724

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

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Anatara Lifesciences Ltd
Consolidated statement of cash flows
For the half-year 31 December 2021

		Consolidated entity	
		31 December	31 December
		2021	2020
Notes		\$	\$
Cash flows from operating activities			
	Payments to suppliers and employees (inclusive of GST)	(1,615,835)	(1,993,088)
	Other income	18,720	-
	Interest received	4,179	6,750
	Government grants and tax incentives	736,477	90,840
	Net cash outflow from operating activities	<u>(856,459)</u>	<u>(1,895,498)</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	(6,561)	-
	Net cash outflow from investing activities	<u>(6,561)</u>	<u>-</u>
Cash flows from financing activities			
	Proceeds from issues of shares and other equity securities	-	3,070,005
	Share issue transaction costs	(5,000)	(181,778)
	Principal elements of finance lease payments	(6,141)	-
	Net cash (outflow)/inflow from financing activities	<u>(11,141)</u>	<u>2,888,227</u>
	Net (decrease)/increase in cash and cash equivalents	(874,161)	992,729
	Cash and cash equivalents at the beginning of the financial year	<u>3,432,077</u>	2,682,368
	Cash and cash equivalents at end of the half-year	<u>2,557,916</u>	<u>3,675,097</u>

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

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1 Segment information

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

2 Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Anatara Lifesciences Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 23 February 2022.

(a) New and amended standards adopted by the Group

The Company 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.

(b) 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 \$1,193,810 and had operating cash outflows of \$856,459 for the reporting period ended 31 December 2021. As at 31 December 2021, the group held cash and cash equivalents of \$2,557,916. On 22 Dec 2021, the group received an R&D Tax Incentive refund of \$736,477.

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

The directors are confident, if necessary, the company could raise additional capital to meet the group's contractual commitments and working capital requirements. Notwithstanding the uncertainty over either of these events occurring, based on the above considerations the board has assessed the resources and opportunities available to the group, and consequently believe that the group will be able to repay its debts as and when they fall due and are of the opinion that the financial statements have been appropriately prepared on a going concern basis.

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

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

3 Estimates

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

4 Other income and expense items

(a) Other income

	Consolidated entity	
	31 December 2021	31 December 2020
	\$	\$
Research and development tax incentive (i)	300,056	596,029
Other grants	-	89,582
Other items	18,720	-
	318,776	685,611

(i) R&D tax incentive

For the period ended 31 December 2021, the group has included an item in other income of \$311,525 to recognise income over the year necessary to match the R&D tax incentive on a systematic basis with the costs that they are intended to compensate. However, this has been offset with the over-accrual of \$11,469 for R&D claim estimated for financial year ended 30 June 2021.

(b) Breakdown of expenses by nature

	31 December 2021	31 December 2020
	\$	\$
Accounting and audit	70,626	54,661
Consulting	136,605	109,567
Depreciation	11,892	3,337
Employee benefits	530,633	708,336
Insurance	31,889	28,582
Investor relations	51,075	7,934
Legal	10,779	26,122
Listing and share registry	43,429	62,243
Occupancy	9,179	29,657
Share-based payments	17,416	62,870
Superannuation	50,283	57,526
Travel and entertainment	3,623	(151)
Other	136,116	70,792
General and administrative expenses	1,103,545	1,221,476

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5 Financial assets

(a) Trade and other receivables

	Consolidated entity					
	31 December 2021			30 June 2021		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Accrued receivables (i)	311,910	-	311,910	748,516	-	748,516
Other receivables	67,113	-	67,113	24,043	-	24,043
	379,023	-	379,023	772,559	-	772,559

(i) Accrued receivables include \$311,525 from the Australian Taxation Office in relation to the R&D tax incentive and \$385 interest income from deposits at call.

6 Equity

(a) Share capital

	31 December 2021 No.	30 June 2021 No.	31 December 2021 \$	30 June 2021 \$
Ordinary shares Fully paid	71,355,621	70,238,523	19,908,471	19,755,634

(i) Movements in ordinary shares

Details	Number of shares	\$
Balance at 1 July 2021	70,238,523	19,755,634
Exercise of performance rights with nil cash consideration (2021-08-13)	449,781	-
Exercise of performance rights with nil cash consideration (2021-08-25)	331,204	-
Transfer from reserves on exercise of performance rights (2021-08-25)	-	106,994
Exercise of performance rights with nil cash consideration (2021-10-26)	297,489	-
Transfer from reserves on exercise of performance rights (2021-10-26)	-	45,000
Exercise of performance rights with nil cash consideration (2021-12-09)	38,624	-
Transfer from reserves on exercise of performance rights (2021-12-09)	-	5,843
Less: Transaction costs arising on share issues	-	(5,000)
Balance at 31 December 2021	71,355,621	19,908,471

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6 Equity (continued)

(a) Share capital (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the group 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.

(b) Other reserves

The consolidated balance sheet line item 'other reserves' comprises the 'share-based payments reserve'.

(i) Nature and purpose of other reserves

Share-based payments

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

(ii) Movement in options and performance rights

Details	Notes	Number of options	Number of performance rights	Total \$
Balance at 1 July 2021		2,963,704	780,985	678,492
Options forfeited/lapsed during the period		(246,000)	-	(152,638)
Issue of ESOP Options (2021-09-08)		260,000	-	2,322
Issue of ESOP Options (2021-12-09)		2,400,000	-	15,094
Performance rights (granted in FY 2020) exercised during the period ¹		-	(780,985)	(106,994)
Issue of performance rights (2021-08-13) ²		-	336,113	-
Performance rights (granted in FY 2021) exercised during the period (2021-10-26)		-	(297,489)	(45,000)
Performance rights (granted in FY 2021) exercised during the period (2021-12-09)		-	(38,624)	(5,843)
Balance at 31 December 2021		5,377,704	-	385,433

¹ In the prior period, 780,985 performance rights were issued to employees, as part of their performance bonus of \$106,994.

² On 13 August 2021, 336,113 performance rights have been issued to employees, as part of their performance bonus of \$50,843 recognised as expenses in the prior year.

7 Loss per share

Both the basic and diluted loss per share have been calculated using the profit attributable to shareholders of Anatara as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2021 and 2021.

The weighted average number of shares for the purposes of the calculation of diluted loss per share has not been adjusted, as share options on issue are antidilutive.

7 Loss per share (continued)

(a) Basic/diluted loss per share

	Consolidated entity	
	31 December 2021 Cents	31 December 2020 Cents
Basic loss per share	(1.68)	(1.64)
Diluted loss per share	(1.68)	(1.64)

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

	Consolidated entity	
	31 December 2021 \$	31 December 2020 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the Group used in calculating basic loss per share:		
From continuing operations	<u>(1,193,810)</u>	<u>(1,029,432)</u>

(c) Weighted average number of shares used as denominator

	Consolidated entity	
	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>70,918,780</u>	<u>62,789,280</u>

8 Events occurring after the reporting period

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

9 COVID-19 impact on business

Anatara Lifesciences reported Covid-19 impacts on delivery of investigational product for clinical trials and delays to recruitment. The Company remains committed to its corporate strategy and focused on delivering on its anticipated milestones during the year ahead. However, the Company is actively planning for potential further disruptions that may lead to delays in meeting some of these objectives. Anatara employees have been able to continue activities and have advanced to clinical trial commencements. The Company continues to take actions to recover time lost in progression of clinical trials.

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In the directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 15 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Anatara Lifesciences Ltd will be able to pay its debts as and when they become due and payable.

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



Dr David Brookes
Director

Melbourne
23 February 2022

Independent Auditor's Review Report

To the Members of Anantara Lifesciences Ltd

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Anantara Lifesciences Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Anantara Lifesciences Limited does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Anantara Lifesciences Ltd's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which indicates that the Group incurred a net loss of \$1,193,810 and had operating cash outflows of \$856,459 during the half year ended 31 December 2021. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 23 February 2022