

ANAGENICS

ASX: AN1

Setting the pathway to profitable growth

MARKET ANNOUNCEMENT



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Face MediGroup (FMG) purchase rounds out Anagenics' professional beauty vertical strategy in Australia

Anagenics has a clear strategy for profitable growth in the beauty and wellness space through its inorganic pursuit of profitable businesses, delivery of simple customer platforms, and innovation across product and operations.



ANAGENICS' PURCHASE OF FACE MEDIGROUP DELIVERS ON THIS AND DIFFERENTIATES ITSELF WITHIN THE AUSTRALIAN MARKET:



FMG an existing BLC customer to enable immediate synergies



Makes AN1 an integrated retail/wholesale omni channel distributor in the Australian professional channel



FMG bricks & mortar presence enables BLC to deliver brands direct to customer



Demonstrates growth commitment to our employees, customers, vendors and suppliers



Allows future streamlining



Brings innovative talent

ANAGENICS

The Context

Anagenics has laid the foundations for sustainable profitability

NOVEMBER 2021

APRIL 2023

JUNE 2023

JUNE 2023

AUGUST 2023



INORGANIC

Successful transaction and acquisition of BLC Cosmetics



TALENT

Appointed new CEO Scott Greasley who brings 15 years of building and integrating market-leading profitable businesses both pre and post M&A activity



SOUGHT SYNERGIES AND OPERATIONAL EFFICIENCIES

Through consolidation of warehouses and transitioning Advangen LLC to a distributor for Evolis



ACQUISITION OF FACE MEDIGROUP

Providing scale to leverage refined cost base

Australian beauty sector remains resilient

Research reveals the global professional beauty services market will see a

5% rise between 2023-2030



Source: Credence Research



01

Australian property prices stabilised



02

Australia's headline inflation outlook below global levels

IMF April 2023 Quarterly Report



03

Australian interest rates likely to have peaked whilst other markets continue to tighten

July ABS Inflation Data

ANAGENICS

The Face MediGroup Transaction



Enables Anagenics to further penetrate the Australian professional beauty sector

ACQUISITION

Face MediGroup is growing

+24%

FY23 Revenue

vs

FY22

The acquisition brings commercial and operational benefits

	FY22A			FY23A		
	Face MediGroup	Anagenics	Pro-Forma	Face MediGroup	Anagenics	Pro-Forma
Revenue	3,963	9,235	13,198	4,910	9,320	14,230
Cost of sales	2,546	4,170	6,716	3,389	4,811	8,200
Gross Profit	1,417	5,065	6,482	1,521	4,509	6,030
<i>Gross Margin</i>	36%	55%	49%	31%	48%	42%
Other income	-	1,749	1,749	-	589	589
Total operating expenses	1,539	10,463	12,002	1,932	7,765	9,697
Net Profit	(122)	(3,649)	(3,771)	(411)	(2,669)	(3,078)
<i>EBITDA Adjustments</i>	5	(127)	(122)	8	(80)	(72)
EBITDA	(117)	(3,776)	(3,893)	(403)	(2,697)	(3,100)
Abnormal Adjustments	-	877	877	-	1,086	1,086
Normalised EBITDA	(117)	(2,899)	(3,016)	(403)	(1,661)	(2,064)

,FY23A are unaudited at the time of this announcement

ENABLES INTEGRATED CUSTOMER COVERAGE

Provides complete wholesale and retail channel coverage across the professional beauty market

SECURES INDUSTRY TALENT

Retaining people, including Face MediGroup co-founders, creates continuity, smooth transition and industry expertise

OPERATIONAL EFFICIENCIES

Enable synergies with suppliers, warehousing, and data and insights

FLEXIBILITY AND AGILITY

Wider channel access allows ability to shift channel focus as consumer habits evolve

ABSORBING FACE MEDIGROUP'S INFRASTRUCTURE

People, inventory, domain, IP, customer database and liabilities will transfer to AN1

Asset sale deal structure

AN1 SCRIP

\$250,000

Issued at the 30 day VWAP prior to completion

DEFERRED CASH CONSIDERATION

\$500,000

Payable in 3 tranches, funded by AN1 balance sheet;
Tranche 1 - \$100,000 payable on completion
Tranche 2 - \$100,000 payable 31 December 2023
Tranche 3 - \$300,000 payable 31 March 2024

LOAN TERMS

\$350,000

Adoption of long-term loans
In addition to adoption of long-term loans, AN1 will forgive the \$150,000 loan it has with FMG

CONDITIONAL DEFERRED CONSIDERATION

\$300,000

Cash payable post FY24 subject to BLC (consolidating FMG and founder salaries) achieving FY24 EBITDA of at least \$1,000,000, funded by AN1 balance sheet

\$300,000

Cash payable post FY25 subject to BLC (consolidating FMG and founder salaries) achieving FY25 EBITDA of at least \$2,200,000, funded by AN1 balance sheet

AN1 TO ACQUIRE ALL ASSETS INCLUDING:



All intellectual property including trademarks, patents, domains, websites and accesses



Leases and associated contracts



Key contracts with suppliers and customers



Consumer database



All inventory held on the Face MediGroup balance sheet



All employees of the Face MediGroup operation

Australia's beauty industry will continue to evolve...



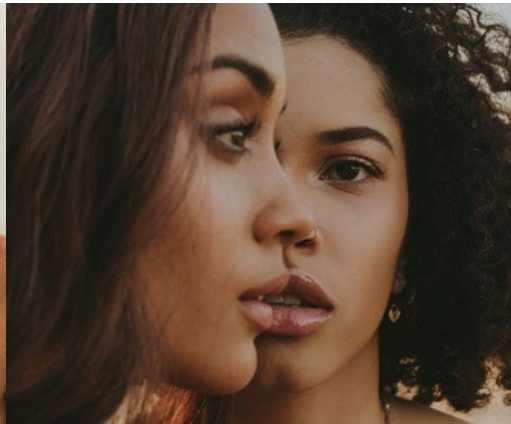
REGULATIONS

for professional products and therapists continues to change



MALE CUSTOMERS

Increasing male customer segment



COMPETITOR LANDSCAPE

Streamlined structures, leveraging professional roots and product access prioritised to avoid over-competitive segments



TECHNOLOGY IS MOVING FAST

Online scheduling, digital payment gateways, social media marketing



INNOVATION

Product, channel, pricing, will determine competitive strength

Anagenics will look to drive the sector's innovation and change



BUILD ON RETAIL PROOF OF CONCEPT



There is an opportunity to build a professional scalable retail brand targeting express treatments with a supporting product offering

BRANDED RETAIL



Review future opportunities to expand into Branded physical retail

REFRESH BLC BRAND



Setting new values and direction post merger with a continued focus on the professional sector

CUSTOMER CHOICE



Provides end consumers and partners with more integrated professional solutions

BUILD EFFICIENCIES



Across branding, marketing and consumer experience

BE A VISIBLE BRAND WITHIN THE PROFESSIONAL SECTOR



Demonstrate leadership its consumers, brands and people, while highlighting our continued support in the sector

Unlock growth opportunities with Anagenics

Contact us today to find out how
you can leverage the opportunity

Authorised for release to the ASX by AN1 Board of Directors

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