

ANAGENICS

ASX: AN1

# FY23 4E Results

---

^FY23 unaudited results

# Anagenics has laid the foundations for sustainable profitability

NOVEMBER 2021

APRIL 2023

JUNE 2023

JUNE 2023

AUGUST 2023



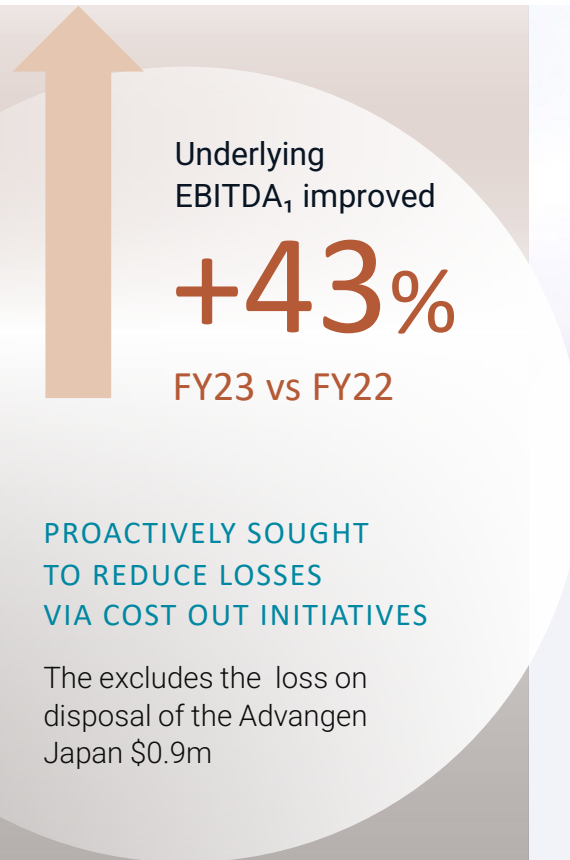
## INORGANIC

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



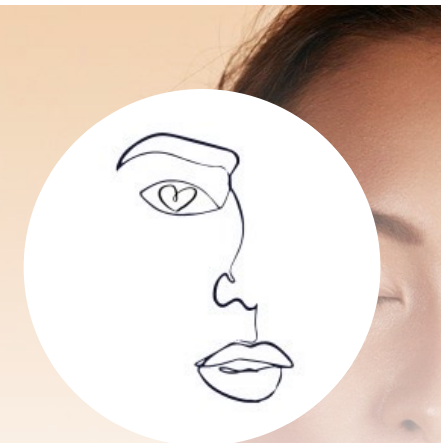
## PROACTIVELY SOUGHT TO REDUCE LOSSES VIA COST OUT INITIATIVES

The excludes the loss on disposal of the Advangen Japan \$0.9m



## 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

# Performance Highlights – FY23

## Key outcomes

- Total revenue to external customers consistent with FY22 despite the loss of revenue with divestment of Advangen Japan (FY22: \$2.3M)
- Revenue and other income from continuing operations (excluding Japan) was up 26% in FY23 to \$9.7M (FY22: \$7.7M)
- BLC Cosmetics annualised a full 12 months of business activity in FY23 (FY22: 9 months)
- Total eComm sales \$2.0M (2022: \$1.9M), in total up 3%. DTC channel \$0.9M (2022: \$0.7M) – in total up 26%
- Appointment of CEO, Scott Greasley, CFO Matt Dudek and non-executive director Karen Matthews to round out executive management team
- ANREO completed and fully underwritten by strategic shareholder Hancock & Gore Limited
- Strong sales performance from key brands despite challenging macroeconomic trading conditions supported by Inika Organic (July 22) and the purchase of USPA (Oct. 22)
- Positive results from business transformation realising total estimated cost savings of \$0.5M from business improvements, headcount reductions and restructure of US operations (~ \$0.2M saving)
- Estimated loss avoidance of \$0.8M with the sale of Advangen Japan (disposed July 22)
- “EBITDA – operating” losses narrowing on prior year (down 27%), improving year on year under revenue and cost savings strategies implemented

	FY23A A\$'000	FY22A A\$'000
<b>REVENUE<sup>1</sup></b>	<b>9,320</b>	<b>9,235</b>
Cost of sales	(4,811)	(4,170)
<b>GROSS PROFIT</b>	<b>4,509</b>	<b>5,065</b>
	<b>48%</b>	<b>55%</b>
Fair value gain on deferred consideration	44	1,000
Other income	589	769
Advertising, marketing and promotion	(1,088)	(1,443)
Employee and director costs	(3,681)	(4,663)
Impairment of intangible assets	-	(1,267)
Other operating expenses	(3,120)	(3,218)
<b>EBITDA – OPERATING</b>	<b>(2,747)</b>	<b>(3,757)</b>
Foreign exchange gains	175	356
Depreciation & amortisation <sup>2</sup>	(76)	(173)
<b>EBIT</b>	<b>(2,648)</b>	<b>(3,574)</b>
Interest	(11)	(70)
<b>PROFIT BEFORE TAX</b>	<b>(2,659)</b>	<b>(3,644)</b>
Income tax expenses	(8)	(5)
<b>PROFIT AFTER TAX</b>	<b>(2,667)</b>	<b>(3,649)</b>

1. Revenue – total revenue derived from customers in the year, including revenue from discontinued operations.

2. Depreciation and amortisation excludes lease depreciation expense (AASB 16). These costs have been classified as occupancy costs and are included in “other operating expenses” when determining “EBITDA – operating” in the income statement.

# Underlying Business Performance – FY23

## Business transformation activities

- One off loss arising on disposal of Advangen Japan (\$0.9M):
  - Cash proceeds from sale (\$0.2M) – July 23
  - Deferred consideration (~\$0.6M) – 3% net sales earnout with minimums up to 2037 (15 yrs)
- Business restructuring and cost saving initiatives (\$0.1M) to be recovered in full over 1H of FY24
- One off professional and legal fees associated with corporate transactions and M&A strategy (\$0.2M)
- Underlying EBITDA loss of \$1.7M versus \$2.9M loss in FY22, down 43%

	FY23 A\$'000	FY22 A\$'000
<b>EBITDA – OPERATING</b>	<b>(2,747)</b>	<b>(3,757)</b>
Fair value adjustments and other income items	191	1,000
Loss on disposal of Advangen Japan	(895)	-
Staff restructuring costs	(72)	(267)
Impairments of intangible and other assets	(133)	(1,508)
Other abnormal items	(176)	(82)
<b>EBITDA - UNDERLYING</b>	<b>(1,661)</b>	<b>(2,900)</b>

# Balance Sheet Position

## Strong foundations

- Cash and equivalents (\$2.6M). Cash used in operating activities down 30% on the prior year
- Cash proceeds from recent capital raise (\$3.1M), fully underwritten by strategic investor HNG
  - \$1.1M - repayment by AN1 to HNG for purchase of BLC Cosmetics (tranche 2, deferred)
  - \$0.3M - transaction costs
- Strong focus on managing working capital (reducing excess inventory and trade debtors/creditors)
- Risk reduction with the elimination of loans and borrowings (FY22: \$1.3M)

	30-Jun-23 A\$'000	30-Jun-22 A\$'000
<b>CURRENT</b>		
Cash	2,568	3,285
Trade receivables	1,045	922
Inventories	2,396	4,449
Other current assets	238	114
	<b>6,247</b>	<b>8,770</b>
<b>NON CURRENT</b>		
Property, plant and equipment	180	281
Intangibles	3,449	3,463
Deferred consideration receivable	580	-
Other non current assets	656	411
	<b>4,865</b>	<b>4,155</b>
<b>TOTAL ASSETS</b>	<b>11,112</b>	<b>12,925</b>
<b>CURRENT</b>		
Trade and other payables	1,231	1,292
Loans and borrowings	-	563
Deferred consideration payable	-	1,100
Other current liabilities	482	703
	<b>1,713</b>	<b>3,658</b>
<b>NON CURRENT</b>		
Loans and borrowings	-	768
Other non current liabilities	503	208
	<b>503</b>	<b>976</b>
<b>TOTAL LIABILITIES</b>	<b>2,216</b>	<b>4,634</b>
<b>NET ASSETS</b>	<b>8,896</b>	<b>8,291</b>



# FY24 Initiatives



## Anagenics is working to accelerate:

- Streamlining and simplifying platforms
- Profiting from M&A
- Growing Brands



Integrate & onboard  
Face MediGroup,  
providing scale



Proactively source  
M&A opportunities  
to find earnings  
accretive businesses



Brand Development and  
expansion via USPA, Alpha H  
and greater engagement with  
the hospitality / Spa channel



Grow margins by  
securing better pricing  
and vendor partnerships



Commitment to further  
invest in operations to  
better service our  
customers (IT, D2C, B2B)

# Earnings Accretive M&A Opportunities

AN1 uniquely positioned to move quickly on opportunities, that provide the ability to drive further operational efficiencies and build further revenue growth.

AN1 has clarity on the type of deals it is seeking and the team to quickly and effectively execute;

## Accretive targets

profitable and value-based businesses across beauty, health, wellness/lifestyle at the right price

## Agility

to move fast for the right deal and be opportunistic

## Ability

to drive further operational efficiencies and build revenue growth

ANAGENICS

# Unlock growth opportunities with Anagenics

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

Anagenics Limited  
Suite 204, Level 2  
55 Clarence Street  
Sydney, NSW, 2000

[info@anagenics.com](mailto:info@anagenics.com)

[anagenics.com](http://anagenics.com)

Sandy Beard  
Chairman

p: +61 412 308 263

Scott Greasley  
CEO & Managing Director

p: +61 473 152 598



**Appendix 4E**  
**Preliminary Final Report**

<b>Details of reporting period</b>	
<b>Name of Entity</b>	Anagenics Limited
<b>ABN</b>	69 111 304 119
<b>Reporting period</b>	For the year ended 30 June 2023
<b>Previous period</b>	For the year ended 30 June 2022

<b>Results for announcement to the market</b>				
<b>Financial Results</b>			<b>Jun-23</b>	<b>Jun-22</b>
			\$	\$
Revenue and other income from ordinary activities (continuing operations)	Up	25.92%	\$9,702,640	\$7,705,425
Revenue and other income from ordinary activities (discontinued operations)	Down	-91.00%	\$206,814	\$2,298,237
<b>Total revenue and other income from ordinary activities</b>	<b>Down</b>	<b>-0.94%</b>	<b>\$9,909,454</b>	<b>\$10,003,662</b>
Operating loss after tax from continuing operations	Up	5.98%	-\$1,741,694	-\$1,643,468
Operating loss after tax from discontinued operations	Down	-53.85%	-\$925,456	-\$2,005,319
<b>Total operating loss after tax</b>	<b>Down</b>	<b>-26.90%</b>	<b>-\$2,667,150</b>	<b>-\$3,648,787</b>
<b>Loss for the year attributable to the owners of Anagenics Limited</b>	<b>Down</b>	<b>-46.94%</b>	<b>-\$2,317,703</b>	<b>-\$4,368,092</b>

<b>Dividends</b>
There were no dividends paid, recommended or declared during the current financial period.

<b>Net tangible assets</b>	<b>Jun-23</b>	<b>Jun-22</b>
<b>Net tangible assets per ordinary share (cents)</b>	<b>1.31</b>	<b>2.00</b>

<b>Loss of control over entities</b>	
<b>Name of entity:</b>	<b>Advangen Incorporated (Japan)</b>
<b>Date control lost:</b>	<b>31 July 2022</b>
Contribution from entity to the Group's profit/(loss) from ordinary activities before income tax during the period	-\$30,250
Loss from ordinary activities before income tax of the controlled entity whilst controlled during the whole of the previous period	-\$2,000,688

<b>Audit qualification or review</b>
The financial statements are in the process of being audited.

<b>Attachments</b>
The operating results, review of operations and preliminary financial report of Anagenics Limited for the year ended 30 June 2023 are attached.

<b>Other explanatory notes</b>
<p>The operating results for the Group during the 2023 financial year include the disposal of Advangen Inc (“ADV Japan”) which was completed in July 2022. Revenue and other income from discontinued operations decreased by 91% to \$206,814 (2022: \$2,298,237).</p> <p>Revenue and other income from the continuing business comprised mainly of BLC Cosmetics (“BLC”), a business acquired by the Anagenics Group in October 2021, had annualised a full 12 months of business activity in 2023 (2022: 9 months). Total revenue from BLC and the remaining Advangen businesses in total increased 25.92% in the year to \$9,702,640 (2022: \$7,705,425) thereby near offsetting the decline from discontinued operations. Total revenue and other income for the Group totalled \$9,909,454 (2022: \$10,003,662).</p> <p>The overall sales result is considered a strong performance given the loss of revenue with the disposal of Advangen Japan and deteriorating consumer spend in tighter macroeconomic conditions generally (particularly in the second half of the financial year). BLC’s bricks &amp; mortar presence along with the introduction of new brands (USPA, Inika) and a growing D2C (online) sales channel are collectively proving to deliver sales growth needed to drive profitability.</p> <p>Total operating loss after tax loss of \$2,667,150 which included an abnormal loss attributable to Advangen Japan of \$925,456. The financial performance from the continuing operations was a \$1,741,694 loss (2022: \$1,643,468, loss) and included various one off and abnormal revenue and costs associated with business transformation and restructuring activities. These were necessarily incurred to secure efficiencies as part of the Group’s commitment to achieve profitability.</p> <p>The underlying EBITDA loss for the Group, normalised for these one-off items, totalled \$1,660,930 (2022: \$2,899,176 loss), representing an improvement of 43% on 2022. Similarly, net cash used in operating activities continues to improve year on year with cash outflows reducing 30% to \$1,758,914 (2022: \$2,525,596).</p>

**ANAGENICS LIMITED**

ABN 69 111 304 119

Signed



Director: .....  
Alexander (Sandy) Beard

Dated: 30 August 2023

# **Anagenics Limited**

ABN 69 111 304 119

## **Preliminary Final Report – Appendix 4E**

**For the Year Ended 30 June 2023**

**ANAGENICS LIMITED**

ABN 69 111 304 119

**Consolidated Statement of Financial Performance and Other Comprehensive Income  
For the Year Ended 30 June 2023**

	Note	2023	2022
		\$	\$
<b>Revenue from continuing operations</b>	<b>1</b>	<b>9,113,414</b>	<b>6,945,381</b>
Cost of goods sold		(4,701,911)	(3,148,826)
Gross profit		4,411,503	3,796,555
Other income	<b>2</b>	589,226	760,044
Net fair value gain on deferred consideration liability		44,521	1,000,000
Selling and distribution expenses		(1,258,168)	(1,406,822)
Research and development expenses		(21,193)	(26,175)
Administrative and employment expenses		(4,124,262)	(4,521,350)
Impairment of receivables		(80,509)	(41,659)
Distribution, freight, and postage expenses		(493,700)	(769,656)
Legal fees		(166,351)	(118,937)
Depreciation and amortisation		(359,825)	(380,203)
Other operating expenses		(243,222)	109,494
<b>Operating loss from continuing operations before finance costs</b>		<b>(1,701,980)</b>	<b>(1,598,709)</b>
Finance costs		(31,844)	(44,607)
<b>Loss before income tax expense from continuing operations</b>		<b>(1,733,824)</b>	<b>(1,643,316)</b>
Income tax expense		(7,870)	(152)
Loss after income tax from continuing operations		(1,741,694)	(1,643,468)
Loss after income tax from discontinued operations		(925,456)	(2,005,319)
<b>Loss after income tax for the year</b>		<b>(2,667,150)</b>	<b>(3,648,787)</b>
Other comprehensive income / (loss), net of income tax			
Exchange differences on translating foreign controlled entities		(107,978)	(595,938)
Reclassification adjustment of foreign currency translation reserve		457,425	(123,367)
<b>Total comprehensive income / (loss) for the year</b>		<b>(2,317,703)</b>	<b>(4,368,092)</b>
Total comprehensive income / (loss) for the year attributable to:			
Continuing operations		(1,392,247)	(2,362,773)
Discontinued operations	<b>4</b>	(925,456)	(2,005,319)
<b>Owners of Anagenics Limited</b>		<b>(2,317,703)</b>	<b>(4,368,092)</b>
Earnings per share for profit / (loss) from continuing operations attributable to the owners of Anagenics Limited:			
Basic earnings per share (cents)	<b>5</b>	(0.65)	(0.78)
Diluted earnings per share (cents)	<b>5</b>	(0.65)	(0.78)
Earnings per share for profit / (loss) from discontinued operations attributable to the owners of Anagenics Limited:			
Basic earnings per share (cents)	<b>5</b>	(0.35)	(0.96)
Diluted earnings per share (cents)	<b>5</b>	(0.35)	(0.96)
Earnings per share for profit / (loss) attributable to the owners of Anagenics Limited:			
Basic earnings per share (cents)		(1.00)	(1.74)
Diluted earnings per share (cents)		(1.00)	(1.74)



**Consolidated Statement of Financial Position**  
**As at 30 June 2023**

	Note	2023	2022
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,567,061	3,284,852
Trade and other receivables	7	1,044,791	921,283
Inventories	8	2,395,666	4,448,079
Contingent consideration receivable		48,145	-
Other assets	9	191,744	116,349
<b>TOTAL CURRENT ASSETS</b>		<b>6,247,407</b>	<b>8,770,563</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	179,250	280,619
Right of use assets	11	657,075	410,835
Intangibles	12	3,448,446	3,462,727
Contingent consideration receivable		579,945	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,864,716</b>	<b>4,154,181</b>
<b>TOTAL ASSETS</b>		<b>11,112,123</b>	<b>12,924,744</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,230,413	1,291,893
Loans and borrowings	14	-	562,048
Lease liabilities	15	194,360	340,614
Provisions	16	288,522	363,778
Contingent consideration payable		-	1,100,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,713,295</b>	<b>3,658,333</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings		-	767,547
Lease liabilities	15	459,971	86,899
Provisions	16	43,423	122,365
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>503,394</b>	<b>976,811</b>
<b>TOTAL LIABILITIES</b>		<b>2,216,689</b>	<b>4,635,144</b>
<b>NET ASSETS</b>		<b>8,895,434</b>	<b>8,289,600</b>
<b>EQUITY</b>			
Issued capital	17	65,357,145	62,435,064
Reserves	18	106,827	(244,076)
Accumulated losses		(56,568,538)	(53,901,388)
<b>TOTAL EQUITY</b>		<b>8,895,434</b>	<b>8,289,600</b>

**Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2023**

	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>		<b>62,435,064</b>	<b>267,761</b>	<b>(511,837)</b>	<b>(53,901,388)</b>	<b>8,289,600</b>
Loss for the year after tax		-	-	-	(2,667,150)	<b>(2,667,150)</b>
Exchange differences on translating foreign controlled entities		-	-	(107,978)	-	<b>(107,978)</b>
Reclassification adjustment of foreign currency translation reserve		-	-	457,425	-	<b>457,425</b>
Total comprehensive income / (loss) for the year		-	-	349,447	(2,667,150)	<b>(2,317,703)</b>
<i>Transactions with equity holders</i>						
Share-based compensation		8,750	1,456		-	<b>10,206</b>
Contributions of equity, net of transaction costs		2,913,331	-	-	-	<b>2,913,331</b>
<b>Balance at 30 June 2023</b>	<b>17 / 18</b>	<b>65,357,145</b>	<b>269,217</b>	<b>(162,390)</b>	<b>(56,568,538)</b>	<b>8,895,434</b>

**Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2022**

	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		<b>60,280,064</b>	<b>696,620</b>	<b>235,155</b>	<b>(50,777,455)</b>	<b>10,434,384</b>
Reclassification of reserves to accumulated losses		-	(497,167)	(27,687)	524,854	-
		60,280,064	199,453	207,468	(50,252,601)	<b>10,434,384</b>
Loss for the year after tax		-	-	-	(3,648,787)	<b>(3,648,787)</b>
Exchange differences on translating foreign controlled entities		-	-	(595,938)	-	<b>(595,938)</b>
Reclassification adjustment of foreign currency translation reserve		-	-	(123,367)	-	<b>(123,367)</b>
Total comprehensive income / (loss) for the year		-	-	(719,305)	(3,648,787)	<b>(4,368,092)</b>
<i>Transactions with equity holders</i>						
Share-based compensation		105,000	68,308	-	-	<b>173,308</b>
Shares issued – net of transaction costs		2,050,000	-	-	-	<b>2,050,000</b>
<b>Balance at 30 June 2022</b>	<b>17 / 18</b>	<b>62,435,064</b>	<b>267,761</b>	<b>(511,837)</b>	<b>(53,901,388)</b>	<b>8,289,600</b>

**Consolidated Statement of Cash Flows**  
**For the Year Ended 30 June 2023**

	Note	2023	2022
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers (inclusive of GST)		10,299,129	11,724,202
Payments to suppliers and employees (inclusive of GST)		(12,418,685)	(14,872,775)
Interest received		22,268	28,341
Income taxes paid		(7,788)	(28,312)
Grant income and other benefits from government		346,162	622,948
<b>Net cash used in operating activities</b>	<b>19</b>	<b>(1,758,914)</b>	<b>(2,525,596)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of plant and equipment		(45,373)	(35,947)
Proceeds from sale of businesses		211,876	-
Payments for the purchase of business (net of cash acquired)		(1,055,470)	(932,255)
Payments made to other entities		(619,784)	-
<b>Net cash used in investing activities</b>		<b>(1,508,751)</b>	<b>(968,202)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of shares		3,176,424	-
Share issue costs		(271,426)	-
Proceeds from borrowings		-	978,626
Repayment of borrowings		(20,338)	(559,825)
Repayment of leasing liabilities		(322,455)	(321,744)
Finance costs		(21,572)	(23,747)
<b>Net cash provided by financing activities</b>		<b>2,540,633</b>	<b>73,310</b>
Net decrease in cash and cash equivalents held		(727,032)	(3,420,488)
Cash and cash equivalents at beginning of financial year		3,284,852	6,727,764
Effect of exchange rate changes		9,241	(22,424)
<b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b>2,567,061</b>	<b>3,284,852</b>

Non-cash investment activities in the prior year included the issue of 32,786,885 shares (\$2,000,000) in connection to the purchase of BLC Cosmetics.

Non-cash financing activities in the current year included the issue of 245,098 ordinary shares (\$8,333) in lieu of director fees to former Non-executive Director Dennis Eck (2022: 803,858 shares, \$50,000); other contractor consulting services to the value of \$8,750 (2022: \$105,000) and recognition of right of use assets of \$460,098 (2022: \$173,486).

**SEGMENT INFORMATION**

The Group is organised into two main segments based principally on differences in products provided. These being “Anagenics Corporate” the Group’s head office support function and two subsidiary companies, Advangen Pty Limited (consumer health product development and sales) and BLC Cosmetics Pty Limited– “Consumer and Health”.

These two operating segments are reported and reviewed by the Board of Directors (identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources from a product perspective. The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA” or “Operating Profit/(Loss)”) to assess the performance of operating segments. However, the CODM also receive information about segments revenue and assets on a monthly basis.

*Operating Profit / (Loss)*

Operating profit / (loss) excludes certain corporate expense categories such as finance costs, employee benefits (including equity-settled share-based payments), depreciation and amortisation. Historically given the inherent nature of these costs has meant it is not practical to allocate to any specific business segment since it relates to the Head Office (corporate function) whilst necessarily incurred to help derive revenue, thereby benefiting the Group indirectly.

<b>2023</b>	<b>Anagenics Corporate</b>	<b>Consumer &amp; Health</b>	<b>Group Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Sales to external customers – Continuing operations</b>	-	<b>9,113,414</b>	<b>9,113,414</b>
<b>Sales to external customers – Discontinued operations</b>	-	<b>206,814</b>	<b>206,814</b>
Other income	-	566,957	566,957
Interest revenue	22,269	-	22,269
Cost of goods sold	-	(4,811,153)	(4,811,153)
Selling and distribution expenses	(46,041)	(1,239,961)	(1,286,002)
Research and development expenses	(7,096)	(14,291)	(21,387)
Administrative expenses	(463,882)	(2,824,582)	(3,288,464)
Loss on disposal of subsidiary	-	(895,207)	(895,207)
Other operating expenses	(365,460)	(614,452)	(979,912)
<b>Segment operating profit/(loss)</b>	<b>(860,210)</b>	<b>(512,461)</b>	<b>(1,372,671)</b>
<i>Corporate costs and unallocated items</i>			
Consultancy expense			(56,895)
Subscription expense			(59,740)
Share-based payment compensation			(1,455)
Directors' remuneration			(434,700)
Employee benefits expense			(385,020)
Depreciation and amortisation			(359,825)
Gain on deferred consideration liability			44,349
Finance costs			(33,323)
<b>Profit / (loss) before income tax expense</b>			<b>(2,659,280)</b>
Income tax expense			(7,870)
<b>Profit / (loss) after income tax expense</b>			<b>(2,667,150)</b>
Total assets	<b>3,194,961</b>	<b>7,917,162</b>	<b>11,112,123</b>
Total liabilities	<b>769,188</b>	<b>1,447,501</b>	<b>2,216,689</b>
Total intercompany assets / (liabilities)	<b>28,347,324</b>	<b>(28,347,324)</b>	<b>-</b>



**ANAGENICS LIMITED**

ABN 69 111 304 119

**SEGMENT INFORMATION (CONTINUED)**

2022	Anagenics Corporate	Consumer & Health	Group Total
	\$	\$	\$
<b>Sales to external customers – Continuing operations</b>	-	<b>6,945,381</b>	<b>6,945,381</b>
<b>Sales to external customers – Discontinued operations</b>	-	<b>2,289,494</b>	<b>2,289,494</b>
Other income	63,629	685,558	749,187
Interest revenue	19,598	-	19,598
Cost of goods sold	-	(4,169,631)	(4,169,631)
Selling and distribution expenses	(94,051)	(1,518,856)	(1,612,907)
Research and development expenses	(693)	(109,654)	(110,347)
Administrative expenses	(708,770)	(4,178,760)	(4,887,530)
Impairment of plant and equipment	-	(9,452)	(9,452)
<i>Other operating expenses</i>	(295,416)	(744,698)	(1,040,114)
<b>Segment operating profit/(loss)</b>	<b>(1,015,703)</b>	<b>(810,618)</b>	<b>(1,826,321)</b>
<i>Corporate costs and unallocated items</i>			
Consultancy expense			(72,056)
Subscription expense			(73,710)
Share-based payment compensation			(68,308)
Directors' remuneration			(177,854)
Employee benefits expense			(594,225)
Depreciation and amortisation			(495,486)
Impairment of intangible assets			(1,266,184)
Gain on deferred consideration liability			1,000,000
Finance costs			(69,860)
Profit / (loss) before income tax expense			<b>(3,644,004)</b>
Income tax expense			(4,783)
Profit / (loss) after income tax expense			<b>(3,648,787)</b>
<b>Total assets</b>	<b>2,415,432</b>	<b>10,509,312</b>	<b>12,924,744</b>
<b>Total liabilities</b>	<b>1,467,232</b>	<b>3,167,912</b>	<b>4,635,144</b>
<b>Total intercompany assets / (liabilities)</b>	<b>22,827,305</b>	<b>(22,827,305)</b>	<b>-</b>

**1. REVENUE FROM CUSTOMERS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
Sale of goods transferred at a point in time	9,113,414	6,945,381
<b>Total revenue from contracts with customers</b>	<b>9,113,414</b>	<b>6,945,381</b>
The disaggregation of revenue from contracts with customers is as follows:		
Major product lines		
- Skincare and anti-aging cosmetics	7,528,553	5,407,688
- Haircare and ingestible supplements	1,355,080	1,201,413
- Equipment	229,781	336,280
<b>Total revenue from contracts with customers</b>	<b>9,113,414</b>	<b>6,945,381</b>
Geographic regions		
- Australia / New Zealand	8,908,369	6,646,899
- Other	205,045	298,482
	<b>9,113,414</b>	<b>6,945,381</b>

**2. OTHER INCOME**

- Interest income	22,268	19,598
- Other income	104,340	240,066
- Research and development grant	462,618	500,380
	<b>589,226</b>	<b>760,044</b>

Other income received in the year included Government assistance in the form of an Export Market Development Grant of \$30,000 (2022: \$29,996). In 2022, the Group received additional Government benefits in the form of Job Saver and the COVID Business Grant totalling \$92,572.

### 3. PROFIT OR LOSS ITEMS

The Group has identified several items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

Loss before income tax includes the following specific expenses and income:

	2023	2022
	\$	\$
<b>From continuing operations</b>		
Advertising and marketing expenses	(1,087,533)	(1,272,692)
Consultancy expenses	(136,056)	(484,579)
Employee benefits expense	(2,901,744)	(3,111,014)
Superannuation expense	(275,276)	(292,658)
Stock provision	(197,198)	(136,856)
Travel expense	(116,264)	(48,982)
Depreciation and amortisation	(359,825)	(380,203)
Share based compensation expense	(1,456)	(68,309)
Net foreign exchange gains/(losses)	(175,040)	281,264

### 4. DISCONTINUED OPERATIONS

On 15 June 2022, the Consolidated entity entered a non-binding term sheet to divest its wholly-owned Japanese subsidiary (Advangen Inc – “ADV Japan”) to TK Holdings LLC, an entity related to the former directors of ADV Japan. In recent years, ADV Japan has faced a particularly challenging trading environment due to the COVID-19 pandemic and significant regulatory changes associated with import permits into China. Moreover, revenue from QVC (ADV Japan’s single largest customer) had continued to decline approximately 25% per annum over the past three years. ADV Japan accounted for \$0.6m of the Group’s \$2.9m financial year 2022 underlying EBITDA loss and losses for this business were forecast to continue into financial year 2023.

Considering these challenges and other potential growth opportunities, Anagenics decided to strategically divest its direct interest in ADV Japan but continue to retain ownership of important patents and trademarks (“IP”) and exposure to ADV Japan’s long-term growth. Post-sale Anagenics remains debt free and in a stronger cash position to pursue profitable growth in a more simplified operating structure.

The sale of ADV Japan was successfully completed on 31 July 2022. Under the agreed terms of the sale, Anagenics Limited received cash consideration on completion of JPY 20.0M (\$211,876) with additional 10% of net profit (before tax) in the first three years post completion (minimum payment of JPY 5.0M per annum). As part of the deferred consideration, for financial years 2026 to 2037 (inclusive), Anagenics Limited will also be entitled to receive an additional 3.0% of ADV Japan net revenue (minimum payment of JPY 5M per annum). Under this arrangement Anagenics shareholders will therefore benefit from ADV Japan’s future performance across all of Japan’s sales territories (including China).

Based on total estimated consideration (including minimum deferred component under the earn-out arrangement estimated to be \$628,090 fair value has resulted in an underlying loss on disposal of ADV Japan in the period, before income tax and reclassification of foreign currency translation reserve, of \$437,781.

**ANAGENICS LIMITED**

ABN 69 111 304 119

**4. DISCONTINUED OPERATIONS (continued)**

	<b>2023</b>	<b>2022</b>
<b>Financial Performance</b>	<b>\$</b>	<b>\$</b>
<b>Revenue from customers</b>	<b>206,814</b>	<b>2,289,494</b>
Cost of goods sold	(109,242)	(1,020,805)
Gross profit	97,572	1,268,689
Other income	-	8,743
Selling and distribution expenses	(23,527)	(170,291)
Administrative and employment expenses	(64,032)	(1,012,629)
Impairment of intangible assets	-	(1,266,184)
Other operating expenses	(38,784)	(803,763)
Finance costs	(1,479)	(25,253)
Net loss before income tax	(30,250)	(2,000,688)
Income tax expense	-	(4,631)
<b>Net loss after income tax of discontinued operation</b>	<b>(30,250)</b>	<b>(2,005,319)</b>
Loss on sale of subsidiary after income tax (refer below)	(895,206)	-
<b>Loss from discontinued operation</b>	<b>(925,456)</b>	<b>(2,005,319)</b>

	<b>2023</b>	<b>2022</b>
<b>Cashflow</b>	<b>\$</b>	<b>\$</b>
Net cash used in operating activities	(174,332)	(80,532)
Net cash (used) / derived from investing activities	(242,641)	6,566
Net cash (used) / derived from financing activities	(23,221)	547,669
<b>Net decrease in cash and cash equivalents from discontinued operations</b>	<b>(440,194)</b>	<b>473,703</b>

	<b>2023</b>	<b>2022</b>
Carrying amounts of assets and liabilities disposed	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	227,142	-
Trade receivables	355,547	-
Inventories	1,812,733	-
Other current assets	389,466	-
Property, plant and equipment	32,602	-
Other non-current assets	11,803	-
<b>Total Assets</b>	<b>2,829,293</b>	<b>-</b>
Trade payables	105,023	-
Accrued expenses and provisions	126,166	-
External borrowings	1,320,356	-
<b>Total Liabilities</b>	<b>1,551,545</b>	<b>-</b>
<b>Net Assets</b>	<b>1,277,748</b>	<b>-</b>

**ANAGENICS LIMITED**

ABN 69 111 304 119

**4. DISCONTINUED OPERATIONS (continued)**

	2023	2022
	\$	\$
<b>Details of the disposal</b>		
Consideration received or receivable:		
Cash received on completion	211,877	-
Fair value of contingent consideration*	628,090	-
<b>Total disposal consideration</b>	<b>839,967</b>	<b>-</b>
Carrying amount of net assets sold	(1,277,748)	-
Loss on sale before income tax and reclassification of foreign currency translation reserve	(437,781)	-
Reclassification of foreign currency translation reserve	(457,425)	-
Income tax on sale	-	-
<b>Loss on disposal after income tax</b>	<b>(895,206)</b>	<b>-</b>

As noted above, pursuant to an 'earn out' clause in the sale agreement relating to contingent consideration for the period 1 July 2022 to 30 June 2037 (inclusive), Anagenics Limited will be entitled to additional cash consideration receivable from the buyer. This being 10% of net profit (before tax) in the first three years post completion (minimum payment of JPY 5.0M per annum) with an additional 3.0% of ADV Japan net revenue (minimum payment of JPY 5M per annum) for financial years ending 30 June 2026 to 30 June 2037, inclusive.

At balance date, the fair value of the minimum component of the total potential earn out was estimated to be \$680,090. This receivable was recognised as a financial asset (at fair value) through the profit and loss in the half year reporting period ended 31 December 2022.

**5. EARNINGS PER SHARE**

	2023	2022
	\$	\$
<b>Continuing operations</b>		
Basic and diluted earnings per share (in cents)	(0.65)	(0.78)
Reconciliation of earnings to profit or loss from continuing operations		
Loss for the year attributable to the owners of Anagenics Limited	(1,741,694)	(1,643,468)
Basic and diluted earnings per share are identical since outstanding options of 5,635,000 (2022: 38,256,668) are all "out of the money" at 30 June 2023.		
<b>Discontinued operations</b>		
Basic and diluted earnings per share (in cents)	(0.35)	(0.96)
Reconciliation of earnings to profit or loss from discontinued operations		
Loss for the year attributable to the owners of Anagenics Limited	(925,456)	(2,005,319)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in calculating basic and dilutive earnings per share	265,950,463	209,396,025



**6. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	2,429,921	3,147,930
Cash on deposit	137,140	136,922
	<b>2,567,061</b>	<b>3,284,852</b>
The effective interest rate on short term bank deposits at 30 June 2023 was 2.10% (2022: 0.76%). These deposits were all at call.		

**7. TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current		
Trade receivables	845,910	865,496
Less: Allowance for expected credit losses	(97,575)	(37,142)
Other receivables	296,456	92,929
	<b>1,044,791</b>	<b>921,283</b>

Sales on credit are extended to certain customers and vary by individual customer and by distribution channel. Repayment terms are typically 30 days from invoice date.

**8. INVENTORIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Raw materials	748,335	706,807
Finished goods	1,647,331	3,741,272
	<b>2,395,666</b>	<b>4,448,079</b>

Provisioning of inventories to net realisable value amounted to \$336,862 (2022: \$139,314). These were recognised as an expense (net) contributing to the total cost of sales in the consolidated statement of financial performance and other comprehensive income.

**9. OTHER ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Prepayments	191,744	116,349

**10. PLANT AND EQUIPMENT**

	2023	2022
	\$	\$
At cost	577,459	672,968
Accumulated depreciation / amortisation	(398,209)	(392,349)
	<b>179,250</b>	<b>280,619</b>

**11. RIGHT-OF-USE-ASSETS**

	2023	2022
	\$	\$
Non-current assets		
Right-of-use assets	1,581,220	1,335,117
Less: accumulated depreciation	(924,145)	(924,282)
	<b>657,075</b>	<b>410,835</b>

**12. INTANGIBLES**

2023	Patents and Trademarks	Goodwill	Total
	\$	\$	\$
At cost	1,440	3,447,006	<b>3,448,446</b>
Accumulated amortisation	-	-	-
	<b>1,440</b>	<b>3,447,006</b>	<b>3,448,446</b>
2022	Patents and Trademarks	Goodwill	Total
	\$	\$	\$
At cost	16,736	3,447,006	<b>3,463,742</b>
Accumulated amortisation	(1,015)	-	<b>(1,015)</b>
	<b>15,721</b>	<b>3,447,006</b>	<b>3,462,727</b>

*Patents and Trademarks*

Patents and trademarks in the prior year relating to scientific research conducted mainly by Advangen Inc. Japan. This business was subsequently disposed in July 2022.

*Goodwill*

Goodwill relates to Anagenics' acquisition of BLC Cosmetics Pty Limited in October 2021. The group regularly tests whether goodwill has any indications of impairment on an annual basis. For the current reporting period, the recoverable amount of the cash-generating unit (being BLC) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts and industry standards in which BLC operates.

**ANAGENICS LIMITED**

ABN 69 111 304 119

**13. TRADE AND OTHER PAYABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	724,101	502,713
Deferred revenue	176,153	-
Other payables	330,159	789,180
	<b>1,230,413</b>	<b>1,291,893</b>

Trade payables are amounts owing primarily for the purchase of inventory from local and overseas suppliers. These are transacted under typical commercial conditions with credit terms up to 60 days from invoice.

**14. LOANS AND BORROWINGS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current	-	562,048
Non-current	-	767,547
	<b>-</b>	<b>1,329,595</b>

Loans and borrowings in the prior year related to Advangen Inc Japan.

**15. LEASE LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current	194,360	340,614
Non-current	459,971	86,899
	<b>654,331</b>	<b>427,513</b>
Interest expense related to lease liabilities in the period	24,195	24,708

The Group has leases for office and warehouse premises in Australia. Each lease is accounted for on the consolidated statement of financial position as a right-of-use asset and a lease liability. A lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a termination fee which is usually repayment of the remaining lease term.

In accordance with individual lease contracts, the Group must maintain leased properties in a good state of repair and return them in their original condition at the end of the lease. It requires items of property, plant and equipment held thereon are fully insured. A provision has been estimated for the present value of anticipated costs for future restoration of leased premises. Leases agreements include minimum annual rent increases which are based on market review; the prevailing inflation rate, and upon anniversary, provide an option to renew the lease term.

## 16. PROVISIONS

	2023	2022
	\$	\$
<b>Current</b>		
Employee entitlements	203,748	223,291
Sale returns	84,774	140,487
	<b>288,522</b>	<b>363,778</b>
<b>Non-current</b>		
Employee entitlements	38,527	37,125
Make-good provision	4,896	85,240
	<b>43,423</b>	<b>122,365</b>

### *Employee entitlements*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The amount is presented as current, since the Group does not have an unconditional right to defer settlement.

### *Deferred consideration*

A provision for Deferred Consideration in the prior year was the estimated remaining consideration payable to Hancock & Gore Limited (HNG) in connection with the acquisition of BLC Cosmetics Pty Limited (tranche 2). This liability was finally settled in February 2023 for a total cash payment of \$1,055,470.

### *Make good*

Provision for make-good relates to leased commercial property and obligations thereon under the terms of the lease on expiry.

## 17. ISSUED CAPITAL

Ordinary shares	Issue price	2023	2022	2023	2022
		No.	No.	\$	\$
	\$	No.	No.	\$	\$
<b>At the beginning of the year</b>		<b>221,021,303</b>	<b>187,430,560</b>	<b>62,435,064</b>	<b>60,280,064</b>
Shares issue costs				(271,426)	
Shares issued – January 2021	0.11			8,750	105,000
Shares issued – November 2021	0.06		32,786,885		2,000,000
Shares issued – January 2022	0.06		803,858		50,000
Shares issued – December 2022	0.03	245,098		8,333	
Shares issued – February 2023	0.02	27,948,803		615,520	
Shares issued – March 2023	0.02	116,404,761		2,560,904	
<b>At the end of the year</b>		<b>365,619,965</b>	<b>221,021,303</b>	<b>65,357,145</b>	<b>62,435,064</b>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a count at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have a limited amount of authorised capital and the fully paid ordinary shares have no par value.

**17. ISSUED CAPITAL (continued)**

In December 2022, 245,098 shares to the value of \$8,333 (2022: 803,858 shares, \$50,000) were issued to Mr Dennis Eck (a former Non-executive Director) in lieu of cash.

In March 2023, the Group successfully completed an equity raise from existing shareholders under an accelerated non renounceable pro rata entitlement offer ("ANREO") - 1 new share for 1.3748 shares held at 2.2 cents per share. The share offer was fully underwritten by HNG and sub underwritten by H&G High Conviction Limited (a related party to HNG). Total proceeds received were \$3,176,424 (144,353,564 shares) before transactions costs of \$271,426, part of which was used to settle the deferred consideration liability owing to HNG (\$1,055,470) in the period. The remaining funds have been allocated towards supporting the Group's working capital requirements and for new potential business acquisitions / mergers, targeted to be completed by the Group in the near term.

**18. RESERVES**

Share-based payments reserve	2023	2022
	\$	\$
<b>At the beginning of the year</b>	<b>267,761</b>	<b>696,620</b>
Reclassification to accumulated losses	-	(497,167)
Share-based payments expense	1,456	68,308
<b>At the end of the year</b>	<b>269,217</b>	<b>267,761</b>

The reclassification from the share-based payment reserve in the prior year represents the accumulated value of equity based compensation previously recorded as expense in the profit and loss in current and prior years. This movement of reserves to accumulated losses relates to unlisted options that were provided to former service providers (including past employees) which have either expired or were forfeited on or before 30 June 2022.

Foreign currency translation reserve	2023	2022
	\$	\$
<b>At the beginning of the year</b>	<b>(511,837)</b>	<b>235,155</b>
Reclassification adjustment of foreign currency translation reserve	457,425	(27,687)
Foreign exchange movements	(107,978)	(719,305)
<b>At the end of the year</b>	<b>(162,390)</b>	<b>(511,837)</b>

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income foreign currency translation reserve. The cumulative amount is reclassified to the statement of financial performance when a foreign controlled entity is disposed.

**ANAGENICS LIMITED**

ABN 69 111 304 119

**19. CASH FLOW INFORMATION**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of loss after income tax to net cash used in operating activities</b>		
<b>Loss after income tax for the year</b>	<b>(2,667,150)</b>	<b>(3,648,787)</b>
Adjustments for:		
- depreciation and amortisation	359,825	495,486
- impairment of plant and equipment	-	9,452
- impairment of intangible assets	-	1,266,184
- loss on sale of subsidiary	895,206	-
- equity based payments	18,539	223,309
- bad and doubtful debts	80,509	42,344
- interest expense	22,208	69,860
- gain on deferred consideration liability	(44,521)	(1,000,000)
- foreign exchange movements	(104,277)	(355,707)
Changes in operating assets and liabilities		
- (increase) / decrease in trade and other receivables	(52,689)	1,322,477
- (increase) / decrease in prepayments	(305,268)	68,968
- decrease in inventories	42,132	280,029
- decrease in trade and other payables	(182,850)	(1,074,496)
- increase / (decrease) in provisions	179,422	(224,715)
<b>Net cash used in operating activities</b>	<b>(1,758,914)</b>	<b>(2,525,596)</b>