Appendix 4D

Half year report

Details of reporting period	
Name of Entity	Anagenics Limited
ABN	69 111 304 119
Reporting period	For the half year ended 31 December 2023
Previous period	For the half year ended 31 December 2022

Results for announcement to the market				
Financial Results			**Dec-23**	**Dec-22**
			$	**$**
Revenue and other income from ordinary activities (continuing operations)	Up	13.56%	6,344,390	5,586,958
Revenue and other income from ordinary activities (discontinued operations)	Down	-100.00%	-	206,814
Total revenue and other income from ordinary activities	**Up**	**9.50%**	**6,344,390**	**5,793,772**
Operating loss after tax from continuing operations	Up	157.28%	1,371,389	533,031
Operating loss after tax from discontinued operations	Down	-37.34%	579,867	925,456
Total operating loss after tax	**Up**	**33.79%**	**1,951,256**	**1,458,487**
Loss for the year attributable to the owners of Anagenics Limited	**Up**	**33.79%**	**1,951,256**	**1,458,487**

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

Net tangible assets	Dec-23	Jun-23
Net tangible assets per ordinary share (cents)	0.52	1.31

Loss of control over entities		
Name of entity:	**Advangen Incorporated (Japan)**	
Date control lost:	**31 July 2022**	
Contribution from entity to the Group's profit/(loss) from ordinary activities before income tax during the period		-
Loss from ordinary activities before income tax of the controlled entity whilst controlled during the whole of the previous period		-$925,456

Audit qualification or review

The financial statements were subject to an independent review by the auditors and the review report is attached as part of the Interim Report.

Attachments

The operating results, review of operations and preliminary financial report of Anagenics Limited for the six months ended 31 December 2023 are attached.

Other explanatory notes

Revenue and other income from the continuing business comprised mainly of BLC Cosmetics and included additional volumes attributable to FaceMedi Group ("FMG"), a business whereby certain assets and liabilities were acquired by Anagenics Limited on 29 September 2023. This new eCommerce business contributed $1,583,212 in additional revenue in the 3-month period ending 31 December 2023.

Conversely, sales for the Advangen business declined in the period (down $551,897, 56%). This was pursuant to a business simplification strategy designed to redeploy resources, reset the cost base and ultimately grow online revenue via the direct to consumer channel (D2C) across all brands in Australia and New Zealand.

Revenue and other income from ordinary activities was in total up 9.5% on the prior corresponding period and was driven by eCommerce channel. Sales for this channel (including FMG) grew to $2,593,428 in the period (2022: $1,195,320) and comprised 42% of total sales (2022: 23%). The B2B channel was down 8% primarily due to tightening in the macroeconomic environment and the loss of revenue with the disposal of Japan in the prior year ($206,814).

The financial performance from the continuing operations was a loss of $1,371,389 (2022: $533,031, loss) and included various one off and abnormal revenue and cost items associated with business transformation and restructuring activities ($166,237). These costs were incurred as part of the integration of FMG acquisition needed to secure efficiencies necessary to ultimately achieve and drive profitability.

Total operating loss after tax loss for the Group was $1,951,256 (2022: $1,458,487). This result included a one-off impairment charge relating to deferred consideration receivable ($579,867) for Advangen Japan being a discontinued operation disposed in the prior year.

The underlying EBITDA loss for the Group, normalised for these and other one-off items, totalled $1,070,081 (2022: $503,741 loss).

Signed

Alexander (Sandy) Beard
Chairman of the Board

27th February 2024

Anagenics Limited

ABN 69 111 304 119

Interim Report – 31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated entity') consisting of Anagenics Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 ('1HF24').

Directors

The following persons were Directors of Anagenics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Alexander (Sandy) Beard (Chairman)
Dr Martin Cross (resigned 27 November 2023)
Mr Phillip Christopher
Mr Scott Greasley
Ms Karen Matthews

Principal activities

Anagenics is a health and beauty business servicing wholesale and retail customers through an omni channel strategy (traditional and direct to consumer / online) offering premium branded products. The Group is on the pathway to profitability, growing revenue organically and efficiently, investing in a portfolio of brands and expanding scale under a merger and acquisition strategy.

The Group operates through its holding entity, Anagenics Limited (corporate head entity) and its two main operating subsidiary companies, Advangen (product development and investment in IP) and BLC Cosmetics being an exclusive distributor of prestige beauty cosmetics (and beauty equipment) in Australia and New Zealand.

Review of operations and financial results

Operating results

Revenue and other income from continuing operations was up 13.6% to $6,344,390 compared with the previous corresponding period ('pcp' or 1HF23') of $5,586,958. The significant growth was primarily attributable to the contribution made from FMG business from 1 October 2023 of $1,583,212 offset by net decline in volumes from the Advangen business in Australia and China (cross border ecommerce). This decline was attributed to tightening macroeconomic environment, business restructuring and the continued strategy designed to concentrate on growing online revenue via the direct to consumer channel across all brands in Australia and New Zealand.

Net loss after tax for the consolidated entity was $1,951,256 (1HF23: $1,458,487, loss). This result included an impairment on the deferred consideration receivable relating to former subsidiary Advangen Japan ($579,867) and numerous one-off costs associated with business restructuring and integration in the period. The prior period result included a net loss on disposal of Advangen Japan ($895,206).

Underlying EBITDA, being the best measure of the Group's true financial performance, was a loss of $1,070,081 (1HF23: $503,741, loss). This result excludes one off business restructuring costs and other abnormal items and reflects the additional investment in advertising and marketing activities designed to ultimately grow revenue but also tightening in market and economic conditions which have limited growth in volumes and total gross margins compared to the prior corresponding period. The full benefits of the business restructure, particularly FMG integration, are expected to commence realising in the 2nd half of F24.

A detailed reconciliation of Group's net loss after income tax to EBITDA (underlying) for the period is as follows:

	31 Dec 2023	31 Dec 2022
Net Profit/(loss) after tax	**(1,951,256)**	**(1,458,487)**
adjusted by removing:		
Interest (net)	(29,369)	(4,693)
Income tax	-	(7,869)
Depreciation and amortisation	(286,477)	(212,536)
Foreign exchange (gain) / loss	(116,195)	78,664
	(432,041)	(146,434)
EBITDA	**(1,519,215)**	**(1,312,054)**
adjusted by removing:		
Net loss on disposal of subsidiary	-	(895,206)
Impairment of deferred consideration receivable	(579,867)	-
One-off business restructuring and corporate costs	(166,237)	(109,066)
Share based payments	182,993	-
Depreciation for right of use assets under AASB 16 Leases	113,977	151,438
Fair value gains	-	44,521
	(449,134)	(808,313)
EBITDA - underlying	**(1,070,081)**	**(503,741)**

Review of operations

Despite challenging macroeconomic trading conditions, total operating revenue from sales to customers across the Group improved 16% to $6,231,762 (1HF23: $5,400,109). This improvement was driven primarily by the acquisition of FMG from 1 October 2023, contributing $1,583,212 in the period partly offset by the loss of revenue associated with the disposal of Advangen Japan in July 2022 and exit from China (cross border ecommerce) under business restructuring. The Group strategy is to concentrate on growing online revenue via the direct to consumer channel and B2B network across all brands in Australia and New Zealand.

As noted, in September 2023 Anagenics successfully acquired FMG (an ecommerce retailer and retail business). Under the M&A strategy the Group will continue to explore similar acquisitions to invest and scale the business further.

In total sales for the eCommerce channel (including FMG) grew to $2,593,428 in the period (2022: $1,195,320) and comprised 42% of total sales (2022: 23%). The B2B channel was down 8% primarily due to tightening in the macroeconomic environment and the loss of revenue with the disposal of Japan in the prior year ($206,814).

Other key business restructuring and process improvement initiatives designed to support profit included investing in more inventory to minimise lost sales, redeployment and redundancies, closure and transfer of warehouse operations to an independent third party logistics (3PL) and investment in a new online trading platform. These important initiatives were completed in the period to help drive efficiencies and improve speed to market. The estimated cost savings expected from these changes are estimated to annualise to $1.3M per annum.

Similarly at a corporate level, cost saving initiatives designed to reset the cost base for Group support functions. These were primarily in the area of occupancy, legal, professional and director officer insurance.

Other revenue in the period included R&D income tax grant of $30,069 (1HF23: $316,162). This decline was due to a timing difference in grant receipts.

Significant change of affairs

On 29 September 2023, Anagenics Limited acquired the FMG business under an asset sale agreement. There were no other significant changes in the state of affairs of the Consolidated entity during the financial half-year.

Events subsequent to reporting date

On 7 February 2024, Anagenics announced the successful completion of a two-tranche placement of new fully paid ordinary shares to sophisticated, professional and institutional investors to raise approximately $1.3M (before costs) at a fixed offer price of $0.016 per new Share. Anagenics major shareholder, Hancock & Gore Limited (ASX: HNG) and directors Sandy Beard, Phillip Christopher, Scott Greasley and Karen Matthews, participated in the placement. Subject to obtaining the relevant shareholder and regulatory approvals this transaction is expected to be settled sometime in April 2024.

The proceeds from the share placement are to be allocated towards earnings accretive acquisition opportunities, of which the Company is already well progressed in its discussions with several potential targets. It will also support the Groups working capital requirements as part of business integration and cost-out initiatives under restructuring strategies.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Alexander (Sandy) Beard
Chairman of the board
27 February 2024

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Anagenics Limited

As lead auditor for the review of Anagenics Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Anagenics Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 27 February 2024

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GENERAL INFORMATION

The financial statements cover Anagenics Limited as a Consolidated entity consisting of Anagenics Limited, (the 'Company' or ‘parent entity’) and the entities it controlled at the end of, or during, the half-year (collectively the 'Consolidated entity'). The financial statements are presented in Australian dollars, which is Anagenics Limited's functional and presentation currency.

Anagenics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

A description of the nature of the Consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2024.

Consolidated Statement of Financial Performance and Other Comprehensive Income
For the Half Year Ended 31 December 2023

	Note	31 Dec 2023	31 Dec 2022
		$	**$**
Revenue from continuing operations	3	**6,231,762**	**5,148,774**
Cost of goods sold		(3,338,710)	(2,592,099)
Gross profit		2,893,052	2,556,675
Other income		112,628	393,663
Net fair value gain on deferred consideration		-	44,521
Selling and distribution expenses		(910,892)	(723,387)
Administrative and employment expenses		(2,352,942)	(2,038,736)
Distribution, freight, and postage expenses		(430,972)	(256,197)
Depreciation and amortisation		(286,477)	(212,536)
Other operating expenses		(352,166)	(277,588)
Finance costs		(43,620)	(11,577)
Loss before income tax expense from continuing operations		(1,371,389)	(525,162)
Income tax expense		-	(7,869)
Loss after income tax from continuing operations		**(1,371,389)**	**(533,031)**
Loss after income tax from discontinued operations	4	**(579,867)**	**(925,456)**
Loss after income tax for the year		**(1,951,256)**	**(1,458,487)**
Other comprehensive income / (loss), net of income tax			
Items that may be subsequently reclassified to the profit or loss:			
Exchange differences on translating foreign controlled entities		97,815	(37,207)
Disposal of interest in foreign operations		-	457,425
Total comprehensive income / (loss) for the year		**(1,853,441)**	**(1,038,269)**
Total comprehensive income / (loss) for the year attributable to:			
Continuing operations		(1,273,574)	(112,813)
Discontinued operations	4	(579,867)	(925,456)
Owners of Anagenics Limited		**(1,853,441)**	**(1,038,269)**
Earnings per share for profit / (loss) from continuing operations attributable to the owners of Anagenics Limited:			
Earnings per share (cents) - basic and diluted		(0.37)	(0.24)
Earnings per share for profit / (loss) from discontinued operations attributable to the owners of Anagenics Limited:			
Earnings per share (cents) - basic and diluted		(0.16)	(0.42)
Earnings per share for profit / (loss) attributable to the owners of Anagenics Limited:			
Earnings per share (cents) - basic and diluted		**(0.53)**	**(0.66)**

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	31 Dec 2023	30 Jun 2023
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,349,628	2,567,061
Trade and other receivables		708,976	1,044,791
Inventories		3,196,213	2,395,666
Deferred consideration receivable		-	48,145
Prepayments		191,195	191,744
TOTAL CURRENT ASSETS		**5,446,012**	**6,247,407**
NON-CURRENT ASSETS			
Plant and equipment		677,749	179,250
Right of use assets		512,280	657,075
Intangibles	4	4,693,413	3,448,446
Deferred consideration receivable		-	579,945
TOTAL NON-CURRENT ASSETS		**5,883,442**	**4,864,716**
TOTAL ASSETS		**11,329,454**	**11,112,123**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,674,455	1,230,413
Loans and borrowings	4	334,735	-
Deferred consideration payable	4	400,000	-
Lease liabilities		195,558	194,360
Provisions		181,733	288,522
TOTAL CURRENT LIABILITIES		**3,786,481**	**1,713,295**
NON-CURRENT LIABILITIES			
Lease liabilities		341,574	459,971
Provisions		39,767	43,423
TOTAL NON-CURRENT LIABILITIES		**381,341**	**503,394**
TOTAL LIABILITIES		**4,167,822**	**2,216,689**
NET ASSETS		**7,161,632**	**8,895,434**
EQUITY			
Issued capital	5	65,659,777	65,357,145
Reserves		21,649	106,827
Accumulated losses		(58,519,794)	(56,568,538)
TOTAL EQUITY		**7,161,632**	**8,895,434**

Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2023

Consolidated	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		$	$	$	$	$
Balance at 1 July 2023		**65,357,145**	**269,217**	**(162,390)**	**(56,568,538)**	**8,895,434**
Loss after income tax for the year after tax		-	-	-	(1,951,256)	(1,951,256)
Exchange differences on translating foreign controlled entities		-	-	97,815	-	**97,815**
Total comprehensive income / (loss) for the year		**-**	**-**	**97,815**	**(1,951,256)**	**(1,853,441)**
Transactions with equity holders						
Share-based payments - vesting charge		-	68,003	-	-	68,003
Share based payments - lapse of share options		-	(250,996)	-	-	(250,996)
Shares issued – net of transaction costs		302,632	-	-	-	302,632
Balance at 31 December 2023	**5**	**65,659,777**	**86,224**	**(64,575)**	**(58,519,794)**	**7,161,632**

Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2022

Consolidated	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		$	**$**	**$**	**$**	**$**
Balance at 1 July 2022		**62,435,064**	**267,761**	**(511,837)**	**(53,901,388)**	**8,289,600**
Loss after income tax for the year after tax		**-**	**-**	**-**	**(1,458,487)**	**(1,458,487)**
Exchange differences on translating foreign controlled entities		-	-	(37,207)	-	**(37,207)**
Disposal of interest in foreign operations		-	-	457,425	-	**457,425**
Total comprehensive income / (loss) for the year		**-**	**-**	**420,218**	**(1,458,487)**	**(1,038,269)**
Transactions with equity holders						
Share-based payments		8,333	-	-	-	**8,333**
Contributions of equity, net of transaction costs		8,750	-	-	-	**8,750**
Balance at 31 December 2022	5	**62,452,147**	**267,761**	**(91,619)**	**(55,359,875)**	**7,268,414**

Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2023

		31 Dec 2023	31 Dec 2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		6,940,989	5,559,772
Payments to suppliers and employees (inclusive of GST)		(8,103,767)	(6,493,857)
Interest received		14,251	8,363
Income taxes refunded / (paid)		6,534	(2,106)
Grant income and other benefits from government		176,525	346,162
Net cash used in operating activities		**(965,468)**	**(581,666)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of plant and equipment		(83,285)	(14,025)
Proceeds / (payments) from sale of businesses		48,222	(15,265)
Payments for the purchase of business (net of cash acquired)	4	(100,000)	-
Payments made to other entities		-	(392,641)
Net cash used in investing activities		**(135,063)**	**(421,931)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		-	(20,338)
Repayment of leasing liabilities		(102,558)	(156,086)
Finance costs		(14,438)	(12,303)
Net cash provided by financing activities		(116,996)	(188,727)
Net decrease in cash and cash equivalents held		(1,217,527)	(1,192,324)
Cash and cash equivalents at beginning of financial year		**2,567,061**	**3,284,852**
Effect of exchange rate changes		94	6,860
Cash and cash equivalents at end of financial year		**1,349,628**	**2,099,388**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are further discussed below and in the relevant notes to the financial statements

Business combinations

Business combination transactions are initially assessed for classification under AASB 3 "Business Combinations" under which a business consists of inputs and processes applied together for an output to be generated. If a transaction is identified to subsequently meet the definition of a business combination in accordance with the principals of AASB 3, the acquisition is accounted for on a provisional basis. The fair value of assets acquired, liabilities (including contingent liabilities) and any equity components assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Similarly, where deferred consideration is ultimately payable and/or contingent on certain conditions or targets being achieved, these liabilities are estimated based on best information available on reporting date.

The directors evaluated the acquisition of FaceMedi Group (FMG) as described in Note 4 – Business Combinations. Based upon the customer trade activity acquired, new supplier and employee relationships entered into and other inputs, outputs and processes arising from the acquisition, the directors assessed that FMG met the accounting definition of a business under business combination rules. As the acquisition accounting treatment at this stage is provisional, the directors are yet to assess what fair valuation hierarchies will apply to the assets and liabilities acquired with the exception of any identifiable intangible assets that may arise on purchase (Tier 3 valuation hierarchy).

Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. The directors have assessed the fair value of scrip issued for the acquisition of FMG, as described above. The scrip was valued according to quoted market data for shares in the Company as at the date control was achieved of FMG, and therefore had a Level 1 hierarchy fair valuation.

Deferred consideration receivable

Refer to Note 4 – Business Combinations, which describes how directors have re-rated the credit risk assessment for deferred consideration receivable from a discontinued operation. The receivable was originally valued according to a Level 3 valuation hierarchy as the credit risk assessment arises not from readily identifiable market input data - rather of an assessment of the creditworthiness of the individual counterparty and also to recoup this loss through enforcing the charge held as security over the intellectual property sold to the counterparty.

New or amended Accounting Standards and Interpretations

The Consolidated entity 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, with no material impact.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have any material impact if they had been applied.

NOTE 2: SEGMENT INFORMATION

During the period the chief operating decision maker (being the board) determined that the group now operates in one operating segment, namely “Consumer and Health” primarily throughout Australia and New Zealand. Historically, the Group was organised into two 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”. Had this reporting continued, the following segment results would have been reported:

2023	**Anagenics Corporate**	**Consumer & Health**	**Group Total**
	$	**$**	**$**
Sales to external customers – Continuing operations	-	6,231,762	**6,231,762**
Sales to external customers – Discontinued operations	-	-	**-**
Other income	2,000	96,377	**98,377**
Interest revenue	14,251	-	**14,251**
Cost of goods sold	-	(3,338,710)	**(3,338,710)**
Selling and distribution expenses	(3,534)	(907,361)	**(910,895)**
Research and development expenses	(1,908)	(5,682)	**(7,590)**
Administrative expenses	(213,678)	(1,800,058)	**(2,013,736)**
Other operating expenses	(146,159)	(788,159)	**(934,318)**
Segment operating profit/(loss)	(349,028)	(511,831)	**(860,859)**
Corporate costs and unallocated items			
Consultancy expense			**(44,494)**
Subscription expense			**(36,975)**
Occupancy expense			**(6,301)**
Share-based payment compensation			**182,993**
Directors' remuneration			**(264,718)**
Employee benefits expense			**(215,563)**
Depreciation and amortisation			**(81,852)**
Impairment of deferred consideration receivable			**(579,867)**
Net fair value gains arising on deferred assets / liabilities			**-**
Finance costs			**(43,620)**
Profit / (loss) before income tax expense			**(1,951,256)**
Income tax expense			**-**
Profit / (loss) after income tax expense			**(1,951,256)**
Total assets	**2,070,863**	**9,258,591**	**11,329,454**
Total liabilities	**1,189,413**	**2,978,409**	**4,167,822**
Total intercompany assets / (liabilities)	**28,529,589**	**(28,529,589)**	-

NOTE 2: SEGMENT INFORMATION (CONTINUED)

2022	**Anagenics Corporate**	**Consumer & Health**	**Group Total**
	$	**$**	**$**
Sales to external customers – Continuing operations	-	5,148,774	**5,148,774**
Sales to external customers – Discontinued operations	-	206,813	**206,813**
Other income	-	385,300	**385,300**
Interest revenue	8,363	-	**8,363**
Cost of goods sold	-	(2,701,341)	**(2,701,341)**
Selling and distribution expenses	(20,212)	(731,009)	**(751,221)**
Research and development expenses	(1,686)	(12,632)	**(14,318)**
Administrative expenses	(211,504)	(1,401,600)	**(1,613,104)**
Other operating expenses	(195,658)	(391,298)	**(586,956)**
Segment operating profit/(loss)	(420,697)	503,007	**82,310**
Corporate costs and unallocated items			
Consultancy expense			**(22,918)**
Subscription expense			**(27,109)**
Occupancy expense			**(16,109)**
Share based compensation			**-**
Directors remuneration			**(175,490)**
Employee benefits expense			**(212,500)**
Depreciation and amortisation			**(215,061)**
Net fair value gains arising on deferred assets / liabilities			**44,521**
Loss on sale of subsidiary			**(895,206)**
Finance costs			**(13,056)**
Profit / (loss) before income tax expense			**(1,450,618)**
Income tax expense			**(7,869)**
Profit / (loss) after income tax expense			**(1,458,487)**
Total assets	**2,102,934**	**8,364,359**	**10,467,293**
Total liabilities	**(1,550,861)**	**(1,648,018)**	**(3,198,879)**
Total intercompany assets / (liabilities)	**28,361,775**	**(28,361,775)**	-

There were no customers that individually represented more than 10% of trading revenues for the period (2022: nil).

NOTE 3: REVENUE FROM CUSTOMERS

	31 Dec 2023	31 Dec 2022
	$	**$**
From continuing operations		
The disaggregation of revenue from contracts with customers is as follows:		
Major product lines		
- Skincare and anti-aging cosmetics	5,789,751	4,324,978
- Haircare and ingestible supplements	391,866	760,560
- *Equipment*	50,145	63,236
Total revenue from contracts with customers	6,231,762	5,148,774
Geographic regions		
- Australia / New Zealand	6,191,313	5,009,424
- Other	40,449	139,350
	6,231,762	5,148,774

NOTE 4: BUSINESS COMBINATIONS

Business acquisition

On 29 September 2023, Anagenics Limited acquired the assets and liabilities of FaceMedi Group ("FMG") an online ecommerce market place business. It has both a physical presence through its Face Mediskin retail store in Sydney, Australia and a strong digital presence through its two main digital platforms: facemediskin.com.au and prodermal.com.au.

The total estimated fair value of this business was $952,632. Under the asset sale agreement, the purchase consideration was payable in cash on completion ($100,000), scrip on acquisition ($302,632) and also included a deferred cash consideration component of $400,000. This non contingent liability is due and payable within 12 months from acquisition. As part of the total purchase price the Group also agreed to forgive a loan outstanding of $150,000 which was provided to the vendor in the prior financial year.

In addition, under a conditional earnout arrangement, a payment ($300,000) must be paid if, by the end of the first earn out period, the EBITDA for the financial year ended 30 June 2024 is more than $1,000,000. Similarly, an additional payment ($300,000) must be paid if, by the end of the second earn out period, the EBITDA for the financial year ended 30 June 2025 is more than $2,200,000. Based on the information available at reporting date, the combined future value of the potential contingent deferred consideration ($600,000) has not been recognised at balance date given the timeframe required to successfully integrate FMG business and the probability of outflow being remote.

As part of the net assets acquired, Anagenics assumed FMG loan liabilities totalling $334,735. Under the asset sale agreement these loans are unsecured interest only loans accruing monthly at 10% per annum and due to paid within 12 months of acquisition.

The total intangible assets acquired on purchase of FMG was estimated on acquisition to be $1,244,967. This represents the expected future cashflows and synergies from merging of the two businesses and creating a profitable, market leading anti-aging health and beauty tech company with premium products sold across multiple channels.

FMG contributed total revenue of $1,583,212 and loss after tax of $282,410 to the consolidated entity for the 3 month period 31 December 2023. Had the acquisition occurred on 1 July 2023, the contributions are estimated to have been total revenues of $2,695,006 and loss after tax of $385,868 on a pro rata basis. Total one-off incidental costs associated with the FMG acquisition were $57,692. These were recognised as an expense in the period.

Details of FMG's assets, liabilities and goodwill acquired on acquisition are further detailed as follows:

	Provisional Value $
Inventories	319,826
Plant and equipment	571,699
Trade payables	(805,978)
Employee benefits	(15,785)
Provisions	(27,362)
Loans	(334,735)
Net liabilities acquired	(292,335)
Intangible assets acquired on acquisition (1)	1,244,967
Acquisition-date fair value of the total consideration	952,632
Representing:	
Cash paid on acquisition	100,000
Loan forgiven	150,000
Share issuance	302,632
Deferred cash consideration payable	400,000
	952,632

(1) The directors have 12 months to assess the fair values of the intangible assets acquired, including the residual value of any goodwill representing the excess of purchase consideration over the final net fair values of identifiable assets and liabilities acquired.

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. The sale of ADV Japan was 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 deferred consideration under an "earn out" arrangement, calculated based on revenue and net profit (with minimums) for the financial years 2026 to 2037 (inclusive). In the 6 months ending 31 December 2023, the group received $49,023 earn out payment relating to the prior financial year. At 31 December 2023, the balance of the deferred consideration receivable was estimated to be $579,867.

The board has carefully reviewed and critically assessed the financial performance of the Japanese business. In light of challenging economic conditions and based on information available at balance date, the board concluded that the likelihood of recovering the full value of this asset from future cashflows is inherently uncertain and remote. It has therefore decided to impair the full value of this receivable in the period thereby reducing the carrying value to nil value. This charge is reflected as a non cash item in the period result for discontinued operations ($579,867).

Anagenics will continue to retain entitlement to the future earnout, which is further supported by a conditional registered security agreement under written by intangible assets being the trademarks for key Japanese brands (Lexilis / Joju).

NOTE 5: ISSUED CAPITAL

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	378,777,860	365,619,965	65,659,777	65,357,145
Movements in ordinary share capital				
Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 Jul 2023	365,619,965		65,357,145
Issue of shares	11 Oct 2023	13,157,895	$0.02	302,632
Balance	31 Dec 2023	378,777,860		65,659,777

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.

On 11 October 2023, 13,157,895 ($302,632) shares were issued in lieu of cash consideration relating to the acquisition of FMG business – refer Note 4: Business Combinations.

NOTE 6: EVENTS AFTER THE REPORTING PERIOD

On 7 February 2024, Anagenics announced the successful completion of a two-tranche placement of new fully paid ordinary shares to sophisticated, professional and institutional investors to raise approximately $1.3M (before costs) at a fixed offer price of $0.016 per new Share. Anagenics major shareholder, Hancock & Gore Limited and directors Sandy Beard, Phillip Christopher, Scott Greasley and Karen Matthews, participated in the placement. Subject to obtaining the relevant shareholder and regulatory approvals this transaction is expected to be settled sometime in April 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Alexander (Sandy) Beard
Chairman of the board
27 February 2024

WilliamBuck
ACCOUNTANTS & ADVISORS

Independent auditor's review report to the members of Anagenics Limited

Report on the half-year financial report

Our conclusion

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 Anagenics Limited (the Company), and its controlled entities (together, the Group) does not comply with the Corporations Act 2001, including:

— giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and

— complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

— the consolidated statement of financial position as at 31 December 2023,

— the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,

— the consolidated statement of changes in equity for the half-year then ended,

— the consolidated statement of cash flows for the half-year then ended,

— notes to the financial statements, including a summary of material accounting policy information, and

— the directors' declaration.

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 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors 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 responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2023 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 27 February 2024