



## ASX ANNOUNCEMENT

### ANAGENICS LIMITED – ADVANGEN JAPAN DIVESTMENT AND EARN-OUT AGREEMENT

**SYDNEY, Tuesday, 26 July 2022: Anagenics Limited (AN1)**

#### Highlights

- AN1 divests wholly-owned subsidiary Advangen Inc (**ADV Japan**) for a minimum enterprise value of \$1.8 million including all AN1 debt outstanding
- AN1 retains 15 year earn-out arrangement from ADV Japan profits and revenue
- AN1 retains key Advangen patents, trademarks and enters a service and distribution agreement with ADV Japan
- ADV Japan retains Jo-Ju® and Lexilis® trademarks

#### Advangen Inc Divestment and Earn-Out Agreement

AN1 has agreed to divest its wholly-owned subsidiary Advangen Inc to TK Holdings LLC, an entity owned by ADV Japan's local management. AN1 will retain an earn-out arrangement to benefit from ADV Japan performance over a 15 year period.

In recent years, ADV Japan has faced a 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) has continued to decline approximately 25% per annum over the past three years. ADV Japan contributed \$0.6m of AN1's \$2.9m FY22 underlying EBITDA loss (unaudited) and losses are expected to continue into FY23.

Considering these challenges and other potential growth opportunities, AN1 has agreed to strategically divest its direct interest in ADV Japan and retain exposure to ADV Japan's long-term growth. The transaction will leave AN1 debt free and with a strong cash position to pursue profitable growth in a simplified operating structure.

#### Key Terms of the Transaction

- The transaction has no conditions precedent and the completion date is 31 July 2022
- ADV Japan to assume its net debt position amounting to \$0.8m (includes all of AN1's \$1.3m outstanding debt)
- AN1 receives additional upfront cash payment of approximately \$222K
- AN1 will be entitled to receive 10% of ADV Japan net profit before tax in the first three years post completion with a minimum annual payment of \$55K (guaranteed minimum payment of \$165K over the three years)
- AN1 will be entitled to receive 3% of ADV Japan net revenue derived from all territories (including China) for the financial years 2026 to 2037 inclusive with a minimum annual payment of \$55K (guaranteed minimum payment of \$660k over twelve years)

# ANAGENICS

- Important intellectual property (patents and certain trademarks) developed under the ownership of ADV Japan have been reassigned and continue to remain under the full ownership and control of AN1. The control of key patents and trademarks worldwide ensures AN1 retains full access to international markets, including China and Japan, for its évolis® brands and core FGF5 inhibitor technologies
- ADV Japan and AN1 will continue to collaborate and build on its long standing business relationship and brand heritage. ADV Japan will appoint Advangen Australia (ADV AU) to act as its exclusive distributor for key brands, Jo-Ju® and Lexilis® branded shampoo and lotion products in Australia and New Zealand territories. This agreement will be for an initial term of three years and can be terminated at any time by both parties
- The exclusive master distribution agreement with Ourui Health Management (OHM) relating to the distribution of its Japanese, Jo-Ju® and Lexilis® branded anti-aging hair and skincare products in China was terminated prior to completion

AN1 continues to pursue and explore other Merger and Acquisition opportunities as part of its business transformational strategy to scale and further expand the business in the near term.

Approved for release by the Board of Directors.

**Sandy Beard**  
**Chairman**  
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## **Anagenics Limited (ASX: AN1)**

Anagenics is a health and beauty-tech business growing shareholder value through the global distribution and sales of its proprietary and licensed brands of differentiated, clinically validated anti-aging solutions. BLC Cosmetics Pty Ltd is Anagenics' wholly owned subsidiary focused on sales and distribution of leading Australian and international brands of cosmetic and wellness products. Advangen Pty Ltd is Anagenics' wholly owned subsidiary engaged in the development and sale of proprietary first in class, best in class, clinically validated products for hair, skin and body. For further information, please see [www.anagenics.com](http://www.anagenics.com), [www.evolisproducts.com.au](http://www.evolisproducts.com.au) and <https://www.blccosmetics.com/>

## **Forward looking statements**

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Anagenics to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as, amongst other, the availability of resources, regulatory environment, the results of marketing and sales activities and competition.