



ASX ANNOUNCEMENT

ANAGENICS LIMITED – APPOINTMENT OF EXECUTIVE DIRECTOR, CORPORATE AND TRADING UPDATE

SYDNEY, Friday, 8 July 2022: Anagenics Limited (“AN1”)

Appointment of Scott Greasley as Executive Director

AN1 is pleased to announce that Scott Greasley has joined the Board as an Executive Director effective 8 July 2022 and will join as a full-time employee from 1 September 2022. Scott will be focused on executing AN1’s strategy to achieve profitable growth including business development, mergers and acquisitions. Scott has over 15 years’ success building and integrating market-leading, profitable global retail businesses, most recently as Head of Greater China and Emerging Markets for Boardriders Group. Scott will be incentivised to deliver on the strategy with the issue of performance rights, subject to shareholder approval, as detailed in schedule 1 of this announcement.

Hancock & Gore Deferred Consideration Settlement and Strategic Partnership

AN1 is pleased to announce that its independent board committee (“IBC”) has entered into a non-binding term-sheet agreeing to settle its outstanding contingent liability owing to Hancock and Gore (“HNG”) with the issuance of new equity at a significant premium to AN1’s recent share price, subject to formal documentation and shareholder approval.

AN1 acquired 100% of BLC Cosmetics Pty Ltd (“BLC”) from HNG as announced in September 2021. As part of the initial consideration (Tranche 1) HNG received 32,786,885 AN1 shares. HNG now holds an aggregate of 37,759,433 shares (17.1% of AN1’s issued capital) following on-market purchases.

Deferred consideration for BLC (Tranche 2) is payable by November 2022 to HNG based on BLC’s FY22 EBITDA (12 months ending 30 September 2022)¹. AN1’s current forecast for BLC FY22 EBITDA is projected to be approximately \$840,000 which implies a deferred payment of \$1.02 million comprising \$700,000 in cash and \$320,000 in AN1 shares (payable based on 30 day VWAP prior to issue).

AN1’s IBC and HNG have agreed to fix the deferred consideration amount at \$1.0 million, payable entirely in 25,000,000 AN1 shares at a deemed issue price of 0.04c, representing an approximate 65% premium to AN1’s 30 day VWAP to 7 July 2022 and 25% premium to AN1’s closing share price on 7 July 2022.

Despite BLC’s expected profit, AN1 expects a consolidated total underlying EBITDA loss in FY22. Whilst AN1 retains sufficient cash balances to return to profitability, AN1’s IBC considers it prudent to retain the expected cash component of the deferred consideration.

¹ Refer ASX announcement “Appendix 4D and Half Year Report”, Note 14 Business Combinations, dated 15 February 2022.

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Given AN1's share price has significantly declined since the transaction, removing the risk of an unknown and potentially material share issuance is also of benefit to shareholders.

HNG's commitment to a strategic shareholding in AN1 demonstrates its support for partnership with AN1 and the long-term ambitions of the Company. Key executives of HNG will assist the management team of AN1 with M&A and capital initiatives. AN1's IBC has also agreed as part of the non-binding term sheet to issue options to HNG and Phillip Christopher (HNG nominee director of AN1) to incentivise this ongoing support:

- HNG (or its nominee) to receive 9 million options at a 0.06c strike price expiring 30 June 2025
- Phillip Christopher to receive 6 million director options at a 0.06c strike price expiring 30 June 2025²

The issue of these options are also subject to AN1 shareholder approval. AN1 will distribute a notice of meeting to shareholders outlining details of share, performance right and option issuance ahead of shareholder approval at a general meeting as soon as practicable. AN1's IBC approving this transaction comprises Directors not affiliated with HNG, Dennis Eck and Dr. Martin Cross.

Financial Performance Update for 12 months ending 30 June 2022

The 2022 financial year was one of transformation and repositioning of the AN1 business. The acquisition and integration of the BLC Cosmetics Pty Ltd business and continued strategic investment in brands assisted total revenue growth. However as previously announced³, AN1's existing Advangen business has underperformed in FY22 caused largely by COVID19 and regulatory changes in China.

AN1 expects total revenue and other income of \$10.2M (FY21: \$6.8M) and total underlying EBITDA loss of \$2.9M (FY21: \$2.6M loss), before abnormal items, for the 12 months ending 30 June 2022 (unaudited). BLC's contribution to the total result is approximately \$5.9M revenue and \$0.6M EBITDA at 9 months from acquisition date, 1 October 2022. Closing cash and cash equivalent holdings are estimated to be \$3.1M as at 30 June 2022.

The EBITDA loss narrowed in the second half with revenue growth and cost saving initiatives commenced in last quarter of FY22 which are expected to annualise up to \$1.2M over FY23. Continued growth in BLC's revenue and profit and a full year contribution are also expected to drive AN1 profit growth in FY23. AN1 is also in active discussions to simplify business operations to focus on profitable growth. Despite a difficult period, AN1 remains committed to achieving run-rate profitability before acquisitions during the FY23 year.

² The full terms of the securities are in line with the ASX's guidance for performance securities and full details will be provided in the Notice of Meeting seeking shareholder approval for these issues.

³ Refer ASX announcement "AN1-New Leadership Driving Business Transformation" dated 16 March 2022.

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New Distribution Agreement – INIKA Organic

AN1 is pleased to announce that it has signed, via its wholly owned subsidiary BLC, an exclusive distribution agreement with Total Beauty Network Pty Ltd for the distribution of its INIKA Organic make-up and skincare brand, to the Australian salon and spa market.

INIKA Organic is one of the first makeup brands to go plastic neutral world-wide and it is Australia's only 100% natural, certified organic beauty brand on the market. BLC will add an additional 380 spa and beauty salons to its existing distribution network, bringing BLC's total footprint to approximately 1,150 salons and spas in Australia / New Zealand. The exclusive distribution agreement has a 3-year term with a 3-year automatic extension based on reaching agreed targets.

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, 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.

Schedule 1: Key Terms of Scott Greasley's appointment

- Role: Executive Director (AN1 Board member and AN1 employee) Corporate Development
- Start Date: 8 July (Director) and 1 September (full-time AN1 employee)
- Full-time Salary: \$300,000 per annum
- Performance Rights Plan (subject to shareholder approval):
 - 5 million performance rights conditional upon 3 month VWAP of 0.06c per AN1 share and AN1 FY23 EBITDA of at least \$0 (breakeven). Vesting date 6 August 2023
 - 5 million performance rights conditional upon 3 month VWAP of 0.10c per AN1 share and AN1 FY24 EBITDA of at least \$1 million. Vesting date 6 August 2024