

## ASX ANNOUNCEMENT

### **ANAGENICS LIMITED (ASX: AN1) – Q1 F23 BUSINESS ACTIVITY REPORT**

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- **Simplifying operating structure**
- **Adding revenue opportunities**
- **Operational cost savings improving cashflow**
- **M&A update**

**SYDNEY, Wednesday, 26 October 2022**

#### **Commentary on Q1 F23 group financials**

Total revenue and other income in Q1 F23 for the Group was \$2.6M<sup>1</sup> (Q1 F22: \$1.0M). The BLC business in Australia and New Zealand continues to drive revenue growth in the quarter from sales from its key brands (Thalgo, Hydro Peptide and Priori) and now Inika Organic, a new brand introduced from 1 July 2022. Combined, total revenue and other income contributed by BLC in Q1 totalled \$1.9M (Q1 F22: \$ nil).

As previously announced, AN1 successfully disposed of its heritage Japanese business on 31 July 2022 receiving gross cash proceeds on disposal of \$0.2M in addition to the purchaser assuming Advangen Japan's \$0.8m net debt leaving AN1 debt-free. Under the contract of sale AN1 will also be entitled to receive 3% of Advangen Japan's net revenue derived over a 15 year period with a guaranteed minimum of \$0.8M<sup>2</sup>. Up until completion date of sale, 31 July 2022, the Japanese business contributed total revenue in Q1 to AN1 of \$0.1M (Q1 F22: \$0.5M).

Sales volumes for the remaining Advangen businesses (Australia and US) improved on the prior corresponding period totalling \$0.6M (Q1 F22: \$0.5M) and were sourced primarily through stronger export volumes into China (cross border ecommerce channel).

Net operating cash outflows in Q1 in total were \$0.9M, up on prior quarter due to lower cash receipts given the disposal of Advangen Japan in Q1 and timing of the annual QVC TSV promotion held in the prior quarter (\$0.8M). The decline in cash receipts from customers in the period was partly offset by continued cost savings in staff costs, (down 23%), administration and corporate costs – professional/consulting fees (down 47%) and timing of work capital receipts and payments made by the BLC business in the period.

Payments to related parties in Q1 totalled \$45K and relate to Scott Greasley (Executive Director<sup>3</sup>).

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<sup>1</sup> All figures quoted in the Business Activity Report are subject to final audit adjustments.

<sup>2</sup> Refer ASX 26 July 2022 - "Advangen Japan Divestment and Earn-out Agreement".

<sup>3</sup> Refer ASX 08 July 2022 - "Appointment of Executive Director, Corporate and Trading Update".

# ANAGENICS

## **Building revenue and reducing costs**

AN1's underlying financial performance continues to improve under new leadership and business transformational strategies implemented in F22. Operating losses are narrowing with revenue growth and benefits from cost saving initiatives. Continued growth in BLC's revenue and profit and a full year contribution are also expected to improve AN1's profitability in F23. The persisting difficult macroeconomic environment and unstable consumer sentiment presents ongoing risks which AN1 is increasingly focused on mitigating through prudent cost control. The business remains committed to achieving profitability and further growth supported by new business acquisitions during the F23 year.

## **M&A Update**

As previously announced, the strategy to grow via M&A activity continues, with AN1 in exclusive negotiations to acquire a synergistic asset and in advanced discussions with earnings accretive acquisition targets. The simplification of AN1's operating structure and balance sheet strengthening of recent initiatives including the divestment of Advangen Japan has improved capability to execute on a broad pipeline of opportunities.

Approved for release by the Board of Directors.

**Sandy Beard**  
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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) and [www.evolisproducts.com.au](http://www.evolisproducts.com.au).

## **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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**
**ANAGENICS LIMITED**
**ABN**
**69 111 304 119**
**Quarter ended ("current quarter")**
**30 September 2022**

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>(3 months)<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|--|
| <b>1. Cash flows from operating activities</b>            |   |  |
| 1.1 Receipts from customers                               | 2,601   | 2,601  |
| 1.2 Payments for  |   |  |
| (a) research and development                              | (5)   | (5)  |
| (b) product manufacturing and operating costs             | (1,927)   | (1,927)  |
| (c) advertising and marketing                             | (360)   | (360)  |
| (d) leased assets   | -   | -  |
| (e) staff costs   | (854)   | (854)  |
| (f) administration and corporate costs                    | (1,036)   | (1,036)  |
| 1.3 Dividends received (see note 3)                       | -   | -  |
| 1.4 Interest received                                     | 4   | 4  |
| 1.5 Interest and other costs of finance paid              | (7)   | (7)  |
| 1.6 Income taxes paid                                     | -   | -  |
| 1.7 Government grants and tax incentives                  | -   | -  |
| 1.8 Other   | -   | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(854)</b>                                      | <b>(854)</b>                                   |
| <b>2. Cash flows from investing activities</b>            |   |  |
| 2.1 Payments to acquire or for:                           |   |  |
| (a) entities (net)  | -   | -  |
| (b) businesses  | -   | -  |
| (c) property, plant and equipment                         | (1)   | (1)  |
| (d) investments   | -   | -  |
| (e) intellectual property                                 | -   | -  |
| (f) other non-current assets                              | -   | -  |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>(3 months)<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|---|--|
| 2.2   | Proceeds from disposal of:  |   |  |
|   | (a) entities (net)  | (15)  | (15)   |
|   | (b) businesses  | -   | -  |
|   | (c) property, plant and equipment   | -   | -  |
|   | (d) investments   | -   | -  |
|   | (e) intellectual property   | -   | -  |
|   | (f) other non-current assets  | -   | -  |
| 2.3   | Cash flows from loans to other entities   | (243)   | (243)  |
| 2.4   | Dividends received (see note 3)   | -   | -  |
| 2.5   | Other (provide details if material)   | -   | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b>                                   | <b>(259)</b>                                      | <b>(259)</b>                                   |
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>   |   |  |
| 3.1   | Proceeds from issues of equity securities (excluding convertible debt securities)       | -   | -  |
| 3.2   | Proceeds from issue of convertible debt securities                                      | -   | -  |
| 3.3   | Proceeds from exercise of options   | -   | -  |
| 3.4   | Transaction costs related to issues of equity securities or convertible debt securities | -   | -  |
| 3.5   | Proceeds from borrowings  | -   | -  |
| 3.6   | Repayment of borrowings & leasing   | (103)   | (103)  |
| 3.7   | Transaction costs related to loans and borrowings                                       | -   | -  |
| 3.8   | Dividends paid  | -   | -  |
| 3.9   | Other (provide details if material)   | -   | -  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b>                                   | <b>(103)</b>                                      | <b>(103)</b>                                   |
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b>            |   |  |
| 4.1   | Cash and cash equivalents at beginning of period  | <b>3,285</b>                                      | <b>3,285</b>                                   |
| 4.2   | Net cash from / (used in) operating activities (item 1.9 above)                         | (854)   | (854)  |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)                         | (259)   | (259)  |

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>(3 months)<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|---|--|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (103)   | (103)  |
| 4.5   | Effect of movement in exchange rates on cash held                | 10  | 10   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>2,079</b>                                      | <b>2,079</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 1,942                              | 2,821                               |
| 5.2        | Call deposits   | 137                                | 136                                 |
| 5.3        | Bank overdrafts   | -                                  | 328                                 |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>2,079</b>                       | <b>3,285</b>                        |

| <b>6.</b>   | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|---|---|------------------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 45                                 |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> |   |                                    |

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end \$A'000</b>                     | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | -   | -  |
| <b>7.4 Total financing facilities</b>   | <b>-</b>  | <b>-</b>                                   |
| <b>7.5 Unused financing facilities available at quarter end</b>   |   | -  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |  |
| N/A   |   |  |

| <b>8. Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (854)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 2,079          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 2,079          |
| <b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | <b>2.4</b>     |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
| Answer: N/A  |                |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
| Answer: N/A  |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer: N/A  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....26 October 2022.....

Authorised by: **Board of Directors – Anagenics Limited**.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.