

ANAGENICS

Anagenics Limited

ACN 111 304 119

Financial Report for the half-year ended 31 December 2024

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DIRECTORS' REPORT

The Directors present their report, together with the half-year financial report, for the consolidated entity consisting of Anagenics Limited and the entities it controlled ('the Group') for the half-year ended 31 December 2024, and independent auditor's review report thereon.

Directors

The names of the company's Directors in office during the half-year and until the date of this report are set out below. Each of the Directors was in office for this entire period, unless otherwise stated.

Alexander (Sandy) Beard
Mr Phillip Christopher
Mr Scott Greasley
Ms Karen Matthews (resigned on 31 October 2024)

Principal Activities

ASX-listed Anagenics (ASX:AN1) is a health, wellness, and beauty business servicing wholesale and retail customers through an omnichannel model, offering premium branded products. The Group's underlying business strategy is to continue to grow revenue organically and efficiently, investing in brands and further expanding scale through its ongoing merger & acquisition strategy. As a brand and IP owner Anagenics receives royalty payments from numerous licensing agreements.

The Group operates through its holding entity, Anagenics Limited, with its main operating subsidiary BLC Cosmetics Pty Ltd, an exclusive distributor of prestige beauty cosmetics and beauty equipment. BLC is a leading importer and distributor of prestige international and local skin care and wellbeing brands, namely Thalgo, Comfort Zone, Priori and other premium brands. Operating under long term and exclusive distribution agreements, BLC services over 1,000 spas, clinics, salons, retail stores and online in Australia, New Zealand and the Pacific Islands.

Results of Operations and Significant Changes in the State of Affairs

The Group recorded a Net Loss in the half year ended 31 December 2024 ('1H25') of \$463,929, a significant improvement from the Net Loss in the previous corresponding period ('pcp') of \$1,951,256. Total revenue in 1H25 was \$2.7m, down from \$6.2m in the pcp reflecting in part the sale of the Face MediGroup (FMG) business.

On 24 July 2024, the Company entered in a multi-year exclusive (license and royalty) agreement with Sydney-based York Street Brands (YSB), targeting a minimum of \$4.4m in royalties to the Group over the initial 10-year term, with the potential for royalties to exceed this amount based on net sales (local and international).

On 30 September 2024, the Group exited the Face MediGroup (FMG) business. The original vendors of the FMG business assumed ownership of all related assets, liabilities, and business-specific employees with their accrued entitlements, allowing the Group to reduce its operating costs and avoid significant further costs. On completing the transfer of FMG back to the original vendors, a gain of \$300,214 on transfer of the FMG business to its vendors was recorded for the half-year ended 31 December 2024 (refer to note 3).

Following a challenging FY24 and subsequent poor trading for the period to September 2024, the Board resolved to make significant changes to the business and operating costs in order to achieve profitability. As a result the company suspended trading in its securities and engaged the services of ASX-listed FOS Capital Limited (ASX:FOS) on commercial and arms-length terms to undertake the restructure of the Company, as FOS Capital's management team had the specific skills and resources to best facilitate and execute the restructure in the necessary short time frame. This included management of the restructure and taking on the administrative and warehousing functions of the Company, which has driven further efficiencies. For the provision of these services, FOS Capital will be issued 35 million AN1 shares at 1c per share, subject to shareholder approval. As at the date of this report, shareholder approval is yet to be obtained. In the event shareholders do not approve the share issue, a fee of \$350,000 is payable to FOS Capital in 12 months' time post completion of the business restructuring process.

DIRECTORS' REPORT Cont'd

As part of the restructure the following actions were taken, with related cost reductions expected to exceed \$2.5m on an annualised basis on completion of the business restructure process:

- Divestment of the loss-making Face Medi Group;
- Reduction in total head count (including staff and contractors) from 20 to 9;
- Reduction in general overhead costs, including insurance & administration expenses;
- Replacement of IT & ERP systems and services with more cost-effective providers;
- In-housing of third-party logistics;
- Exiting Chinese on-line sales channel; and
- Exiting of the offices at 55 Clarence St Sydney (ongoing).

These initiatives have simplified the BLC Cosmetics business without interrupting core sales operations. In addition, balance sheet liabilities have been substantially improved following negotiated reductions in payables/deferred payments and the agreement of extended payment plans with certain creditors. The full benefits of the restructure will be realised in the second half of FY25.

Anagenics now has a clear strategy going forward, built around;

- Achieving and maintaining profitability;
- Reinforcing Royalty streams;
- New brand releases; and
- Actively pursuing accretive acquisitions.

The company is now well placed to continue its growth in Australia and internationally, and we take this opportunity to thank all stakeholders, especially our dedicated staff, for their ongoing support.

Dividend

No dividend is payable for the half year ended 31 December 2024, and no dividend was paid for the half year ended 31 December 2023.

Matters Subsequent to Reporting Date

There were no matters or circumstances specific to the Group that have arisen since 31 December 2024 that have significantly affected or may significantly affect the Group's operations and state of affairs.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year is attached to these financial statements.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2020/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors.



Alexander Beard
Director

Date: 26 February 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Half-Year Ended 31 December 2024

	Notes	31 Dec 2024	31 Dec 2023
		\$	\$
Revenue			
Revenue	2	2,684,267	6,231,762
Cost of sales		(1,345,681)	(3,338,710)
Gross Profit		1,338,586	2,893,052
Other Income	2	335,336	112,628
Gain on reversal of Face MediGroup acquisition	3	300,214	-
Expenses			
Selling and distribution expenses		(349,537)	(910,892)
Distribution, freight, and postage expenses		(268,293)	(430,972)
Administrative and employment expenses		(1,560,550)	(2,352,942)
Other operating expenses		(76,004)	(352,166)
Depreciation and amortisation		(88,789)	(286,477)
Finance costs		(19,956)	(43,620)
Business restructuring expenses		(74,936)	-
Total expenses		(2,438,065)	(4,377,069)
Loss before Income tax from continuing operation		(463,929)	(1,371,389)
Income tax expense		-	-
Loss after Income tax from continuing operation		(463,929)	(1,371,389)
Loss after Income tax from discontinued operation		-	(579,867)
Loss after Income tax for half year		(463,929)	(1,951,256)
Other comprehensive income			
Other comprehensive income that may subsequently reclassified to the profit or loss - foreign currency translation gain/(loss)		5,103	97,815
Total comprehensive loss for half-year		(458,826)	(1,853,441)
Loss per share (cents per share) for losses attributable to the equity holders of the entity:			
Basic and diluted loss per share from continuing operations		(0.17)	(0.53)

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 Dec 2024	30 Jun 2024
		\$	\$
Current assets			
Cash and cash equivalents		471,133	1,623,925
Trade and other receivables		417,861	651,492
Inventories		1,044,202	1,476,409
Other current assets		99,037	76,242
Total current assets		2,032,233	3,828,068
Non-current assets			
Plant and equipment		45,706	51,366
Right of use assets		277,103	360,233
Intangible assets		1,952,431	1,952,431
Total Non-current assets		2,275,240	2,364,030
Total assets		4,307,473	6,192,098
Current liabilities			
Trade and other payables		1,289,934	2,071,666
Borrowings	5	270,192	270,000
Lease liabilities		176,205	201,132
Provisions		137,785	228,930
Deferred consideration		-	400,000
Total current liabilities		1,874,116	3,171,728
Non-current liabilities			
Lease liabilities		182,329	301,512
Provisions		-	9,004
Total non-current liabilities		182,329	310,516
Total Liabilities		2,056,445	3,482,244
Net assets		2,251,028	2,709,854
Equity			
Contributed capital		66,831,186	66,831,186
Foreign currency translation reserve		(54,481)	(59,584)
Accumulated losses		(64,525,677)	(64,061,748)
Total equity		2,251,028	2,709,854

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2024	Contributed equity \$	Share based payments reserves \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
At 1 July 2024	66,831,186	112,444	(172,028)	(64,061,748)	2,709,854
Profit for the half year	-	-	-	(463,929)	(463,929)
Change in foreign currency translation reserve	-	-	5,103	-	5,103
Total comprehensive income for the half-year			5,103	(463,929)	(458,826)
Transactions with owners in their capacity as owners:	-	-	-	-	-
At 31 December 2024	66,831,186	112,444	(166,925)	(64,525,677)	2,251,028

For the half year ended 31 December 2023	Contributed equity \$	Share based payments reserves \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
At 1 July 2023	65,357,145	269,217	(162,390)	(56,568,538)	8,895,434
Profit for the half year	-	-	-	(1,951,256)	(1,951,256)
Change in foreign currency translation reserve	-	-	97,815	-	97,815
Total comprehensive income for the half-year			97,815	(1,951,256)	(1,853,441)
Transactions with owners in their capacity as owners					
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
At 31 December 2023	65,659,777	86,224	(64,575)	(58,519,794)	7,161,632

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS For the Half-Year Ended 31 December 2024

	31 Dec 2024	31 Dec 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,555,194	6,940,989
Income from government grants	-	176,525
Payments to suppliers and employees	(4,819,215)	(8,103,767)
Interest received	-	14,251
Interest paid	(19,956)	(14,438)
Income tax refunded	-	6,534
Net cash flows from operating activities	(1,283,977)	(979,906)
Cash flows from investing activities		
Payment for plant and equipment	-	(83,285)
Proceeds from sale of business	-	48,222
Payment for acquisition of business	-	(100,000)
Net cash flows used in investing activities	-	(135,063)
Cash flows from financing activities		
Proceeds from borrowings	340,000	-
Repayment of borrowings	(69,808)	-
Payment of lease liabilities	(144,110)	(102,558)
Net cash flows from / (used in) financing activities	126,082	(102,558)
Net increase / (decrease) in cash and cash equivalents	(1,157,895)	(1,217,527)
Impact of exchange rates on cash and cash equivalents	5,103	94
Cash and cash equivalents at beginning of half year	1,623,925	2,567,061
Cash and cash equivalents at end of the half year	471,133	1,349,628

The accompanying notes form part of these Financial Statements

NOTES TO CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS**1. Basis of Preparation of the Half-Year Financial Report**

The consolidated half-year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the Anagenics Limited annual financial report for the year ended 30 June 2024.

The financial report covers Anagenics Limited and controlled entities as a consolidated entity (the Group). Anagenics Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Anagenics Limited's registered office and principal place of business is Suite 204, Level 2, 55 Clarence Street, Sydney, NSW 2000. Anagenics Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of signing the attached Directors' Declaration.

a. Basis of Accounting

This consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The consolidated half-year financial report includes the consolidated results of Anagenics Limited and its controlled entities for the half year ended 31 December 2024.

The half-year financial report has been prepared in accordance with the historical cost convention, with the exception of fair values applied to the acquisition of assets and assumption of liabilities upon business acquisitions. The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2024 and the corresponding half-year.

b. Economic Dependency

The consolidated half year financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

As at 31 December 2024 the Group recorded a loss of \$463,929, and it recorded cash outflows from operations of \$1,283,977. Notwithstanding this, the directors of the Group continue to maintain that the Group continues to trade as a going concern and realise its assets and discharge its liabilities in the normal course of business, due to the following matters:

Completion of business restructure

The Directors have completed a restructuring of business operations to achieve simplification and financial sustainability, and prepared cash flow forecasts which support the Group's ability to continue as a going concern. These forecasts incorporate several judgmental assumptions and estimates, including:

- Optimisation and enhancement of revenue channels and product offering; and
- Simplification of overhead structure and reduction of operating costs.

NOTES TO CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)

Execution of new commercial opportunities

The Group has signed a royalty agreement with York Street-Brands (YSB) which targets a minimum of \$4.4m in royalties over an initial 10-year term. In addition, the Group is exploring certain commercial outcomes to commercialise the Lynamid midkine intellectual property portfolio; refer to the Company's ASX announcements released on 3 January 2025 and 4 February 2025.

Access to finance and economic dependency

The Group has the ability to access capital to meet cash and working capital requirements; the directors have received written support from a major shareholder that it will support the business, both operationally and financially, if required for a period of at least 12 months from the date of signing this report.

Based upon the assumptions set out in the cashflow forecast, and the aforementioned factors, the Directors of the Group have applied the going concern basis of accounting in these financial statements.

c. **New or Amended Accounting Standards and Interpretations Adopted**

The Group 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. There was no material impact upon these financial statements arising from their adoption.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, however the directors also consider that none of these will have a material impact on the Group's existing accounting policies.

2. **Revenue**

	31 Dec 2024	31 Dec 2023
	\$	\$
Sales revenue	2,684,267	6,231,762
Other income		
Royalty Income	243,415	38,600
Interest Revenue	2,629	14,251
Other Revenue	89,292	59,777
	<u>335,336</u>	<u>112,628</u>
Total Revenue and other income	<u>3,019,603</u>	<u>6,344,390</u>

3. **Gain on reversal of Face MediGroup Acquisition**

On 30 September 2024, the Company exited the Face MediGroup (FMG) business, which was acquired by the Company on 29 September 2023, subject to deferred settlement, due to be completed on 30 September 2024. The Company decided not to complete deferred settlement and transferred the FMG business, which had not achieved a sustainable level of profitability, back to the vendors of the FMG business. The vendors of the FMG business took over all FMG assets, liabilities and business-specific employees with their accrued entitlements, allowing the Company to reduce its operating costs and avoid significant further losses. Below is a summary of the net gain (non-cash) on the reversal of the FMG business acquisition, recorded in the half-year ended 31 December 2024.

NOTES TO CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)
Gain on reversal of Face MediGroup Acquisition Cont'd

Assets and liabilities transferred to vendor FMG Business	\$
Cancellation of deferred consideration payment	400,000
Transfer of loans owing to the FMG vendor	270,000
Transfer of FMG inventory	(339,007)
Expenses paid for transfer of the FMG business	(30,779)
Net gain (non-cash)	300,214

The FMG business was primarily engaged in the retail of consumer and beauty products in Australia. As the Group continues to operate within the Australian consumer and beauty segments, FMG was not considered a separate major line of business as defined within AASB 5 Non-current Assets Held for Sale and Discontinued Operations. Consequently, its divestment was not classified as a discontinued operation.

4. Borrowings

	31 Dec 2024	31 Dec 2023
	\$	\$
Current liabilities		
Loan from FMG vendor	-	270,000
Shopify Loan (i)	270,192	-
	270,192	270,000

(i) Shopify Loan

Borrowings as at 31 December 2024 represent the unsecured loan provided by Shopify Commerce Singapore Pte. Ltd. (Shopify). The Group obtained a merchant loan from Shopify for initial drawdown of \$340,000 on 8 October 2024, and this loan facility is due for repayment in full on or before 17 April 2026. The implied interest cost is 10% per annum and the Group is required to pay 15% of daily sales revenue on Shopify Store "BLCCosmetics" to repay the loan.

5. Operating Segments

The Group operates in one segment, being skincare and beauty products in Australia/New Zealand and Other Regions.

Geographic Segment information for the half year ended 31 December 2024:

	Australia and New Zealand	Other Regions	Total
	\$	\$	\$
Sales Revenue	2,643,213	41,054	2,684,267
Other Revenue	335,336	-	335,336
Total Revenue	2,978,549	41,054	3,019,603
 Net Profit After Tax	 (464,641)	 712	 (463,929)
 Total Assets	 4,287,969	 19,504	 4,307,473
Total Liabilities	(2,054,317)	(2,128)	(2,056,445)

NOTES TO CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)

Geographic Segment information for the half year ended 31 December 2023:

	Australia and New Zealand	Other Regions	Total
	\$	\$	\$
Sales Revenue	6,191,313	40,449	6,231,762
Other Revenue	112,628	-	112,628
Total Revenue	6,303,941	40,449	6,344,390
 Net Profit After Tax	 (1,298,978)	 (652,278)	 (1,951,256)
 Total Assets	 6,034,534	 157,564	 6,192,098
Total Liabilities	(3,477,887)	(4,357)	(3,482,244)

6. Contingent Liabilities

With the exception of the bank guarantee issued for a value of \$141,932 (30 June 2024: \$141,932) for leasehold tenancies, as at report date the directors are unaware of any contingent liabilities or commitments that may materially impact the Group.

7. Subsequent Events

There were no matters or circumstances specific to the Group that have arisen since 31 December 2024 that have significantly affected or may significantly affect the Group's operations and state of affairs.

DIRECTORS' DECLARATION

The Directors declare that:

In the Directors' opinion, the financial statements and notes thereto, as set out in the accompanying financial report are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- giving a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds, at the date of this declaration, to believe that Anagenics Limited 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) of the Corporations Act 2001.



Alexander Beard
Director

Date: 26 February 2025

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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 2024, 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, 26 February 2025

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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 subsidiaries (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 2024 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 2024,
- the consolidated statement of 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 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.

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Responsibilities of the directors for the 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 2024 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

N. S. Benbow
Director
Melbourne, 26 February 2025