



30 March 2023

MOU SIGNED WITH LAUNCH OF ECO NURTURE IN NEW ZEALAND

Australian biotechnology company Skin Elements Limited (ASX:SKN) (SKN, the Company) is pleased to advise that it has signed a Memorandum of Understanding (“MOU”) with New Zealand packaging and distribution company ‘Accolade Packaging Limited’ (“Accolade”) for the exclusive distribution of Skin Elements Eco Nurture plant bio stimulant into the sustainable horticulture industry of New Zealand.

Key Highlights

- **The Company’s continuing research into its SE Formula technology has resulted in the development of Eco Nurture, a sustainable horticultural plant bio stimulant.**
- **MOU signed after positive results in trials completed by Accolade of Eco Nurture to improve the health of a kiwifruit orchard in New Zealand.**
- **Skin Elements has obtained ACVM class determination which means that Eco Nurture can be imported, marketed, distributed, sold or used in New Zealand.**

SKN has entered into an MOU with New Zealand company Accolade after it completed their own trial of the treatment of kiwifruit vines with the horticultural specific Eco Nurture. The positive results of the trial confirmed the kiwifruit vines improved stress tolerance, wellness and natural resilience levels. The MOU allows Accolade and SKN to negotiate legally binding commercial terms for the exclusive distribution of ‘Eco Nurture’ in New Zealand and other markets in the agricultural and horticultural sectors.

About Accolade

Accolade is a New Zealand based privately owned packaging company specialising in retail and wholesale product presentation. Headquartered in Tauranga in the Bay of Plenty region North Island, Accolade has an established history of providing packaging solutions to over 300 customers across many industry sectors, and in particular preferred supplier status with customers that provide spray materials to the New Zealand horticultural market including the kiwi fruit industry.

Natural Science by Skin Elements

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Key terms of the MOU

- The MOU is non-binding but obligates the parties to negotiate in good faith and use their respective best endeavours to negotiate and execute a definitive agreement within 60 days;
- Due diligence obligates SKN and Accolade to work together on an exclusive basis to undertake investigations to ascertain market opportunities for the distribution of Eco Nurture bio stimulant in the agriculture and horticulture sectors within New Zealand and other territories (**Markets**).

Without attempting to be exhaustive, the parties will investigate:

- the suitability of Eco Nurture in the Markets having regard to technical performance, pricing and likely competitors;
 - necessary certifications and government approvals, including cost and likely timing;
 - optimal Market entry timing;
 - base and target sales volumes; and
 - technical and marketing support required to achieve base and target sales volumes.
- SKN will own all outcomes and deliverables arising from the Due Diligence, including data, any test results or the benefit of any certification or government approval and all Intellectual Property Rights in any material developed or arising out of the Due Diligence vests automatically in SKN.
 - Subject to both parties being satisfied with the outcome of the Due Diligence, the parties agree to negotiate exclusively with each other with respect to the negotiation, preparation and execution of the Definitive Agreement within a period of six months after the date of execution of this MOU.

Preliminary Due Diligence Completed

Accolade have completed preliminary due diligence including trial testing of Eco Nurture on a 40 year old kiwi fruit farm located in the heart of the kiwi growing region in Te Puna, near Tauranga, on the north island of New Zealand. The farm is 35 hectares in total growing 17 hectares of the Hayward Green kiwifruit variety.

The spray trial testing was undertaken on 2 x 1 hectare blocks, conducted under New Zealand based Zespri guidelines and monitoring. Of the remaining blocks, 13 hectares, are being treated with regular copper-based spray, and the remaining two, left untreated as control blocks.

Tests on surrounding soil quality before and after spraying are also being undertaken.

Following spray treatment, the blocks treated with regular copper-based spray showed acceptable management in PSA activity. The blocks treated by Eco Nurture demonstrated improved health and improved tolerance to external stress without residual toxic accumulation. The control blocks without Eco Nurture or copper treatment showed continuing PSA activity including bud and leaf damage and liquid outbreaks on tree bark.

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These results will be reported to Zespri and Accolade intend to request that Eco Nurture be recognised by Zespri as a spray treatment by all kiwi fruit farms.

Mr Peter Malone Executive Chairman of Skin Elements Limited said ‘ *The outstanding results that Eco Nurture has achieved is a further testament to the widespread efficacy of the SE Formula technology whilst maintaining natural and organic naturopathic principles.*

Eco Nurture, once approved by Zespri, will be ready for significant scale commercial application in the kiwifruit market with potential application in other markets.’

Mr Donald Baxter, director of Accolade said “The testing of Eco Nurture during this past spraying season on selected blocks, has given Zespri and the farm the confidence to treat their entire orchard with a complete programme of Eco Nurture during the upcoming 2023 spraying season. Spraying activity is expected to be 5 to 6 times per year.”

The New Zealand Kiwifruit Market

Kiwifruit is a multi billion dollar industry¹. One of the biggest leaders is New Zealand based Zespri with NZ\$4bn¹ in annual revenue delivering over 200 million trays of kiwifruit and spending NZ\$2.5bn annually with New Zealand’s 2,800 growers. Zespri is the mandated exclusive exporter (excluding to Australia) for all kiwifruit from New Zealand.

PSA (*pseudomonas syringae* pv. *actinidiae*) is a bacterium that is severely affecting the multi-billion dollar kiwifruit industry. Zespri have indicated that kiwifruit yield may be negatively affected by ongoing PSA and *Actividia deliciosa* (grey mould) impacts and potential copper toxicity.

Existing copper treatments do not readily breakdown and can accumulate in the soil and excessive amounts of copper ions can show phytotoxic effects and be harmful to kiwifruit vines and the environment including humans and bee pollination, particularly if used repeatedly.

Currently the New Zealand kiwifruit industry has over 13,600 hectares in production.

¹ (Source: 2021/22 Annual Report Zespri Kiwifruit www.zespri.com)

What is Eco Nurture Plant Bio Stimulant?

Plant bio stimulants are products that are used to nourish agricultural crops and promote plant growth and production. They work directly with the plant itself to elicit production of the plants defense compounds and increase tolerance to environmental stress. They are not considered to be nutrients or pesticides.

Eco Nurture Plant Bio Stimulant helps the overall health of the plant by improving the plants' tolerance to stress. Eco Nurture is made from environmentally friendly, biodegradable materials which support the surrounding environment.

Why use Eco Nurture Plant Bio Stimulant?

As a result, plants treated with Eco Nurture are healthier, are more resilient, and have decreased reliability on toxic chemicals and heavy metals.

Eco Nurture is a naturally based bio stimulant which does not negatively impact the plants, soil or environment, particularly desirable in food based production.

The global natural bio stimulant market is currently valued at over A\$3 billion and is expected to grow to over A\$10 billion in next 10 years and Eco Nurture is positioned to be part of this developing horticultural market.

Furthermore, Eco Nurture is easily distributed in concentrate form and is spray applied using existing farm equipment. Over 80% of bio stimulants applications use foliar spray application as spraying through the leaves has the highest absorption.

ACVM Class Determination

Skin Elements has obtained a class determination from New Zealand Food Safety as an agricultural compound that is exempt from the requirement of registration under the ACVM Act (Agricultural Compounds and Veterinary Medicines).

This means that Eco Nurture can be imported, marketed, distributed, sold or used in New Zealand as a plant bio stimulant in accordance with the relevant ACVM regulations.

As a plant bio stimulant, Eco Nurture stimulates the plant's natural tolerance to stress.

This announcement is approved by the Board of Directors of Skin Elements Limited.

ENDS

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ECO Nurture

Plant Bio Stimulant

To achieve plant wellness - "Nurture With Nature"

Stimulates Plants natural tolerance to stress



Safe for plants, people & planet.



IMPORTANT: Always mix well before and during diluting and when being used.

Store below 30C. Avoid contact with eyes. If in eyes, rinse well with water. 100% botanical derived.

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About Skin Elements

Skin Elements (ASX: SKN) is an award winning Australian owned and operated ASX-listed biotechnology healthcare company focused on the commercialisation of the anti-microbial SE Formula™ through a range of natural and organic health care products. Skin Elements innovative approach to plant-based and organic personal care and skincare products has enabled the creation of a portfolio of products that have been sold and distributed across the world. Its flagship products include the SuprCuvr TGA-registered, hospital-grade plant-based disinfectant, Eco Nurture plant bio-stimulant, Invisi Shield alcohol free natural sanitiser, TGA registered Soléo Organics natural and organic sunscreen, TGA registered PapayaActivs natural therapeutics skincare and Elizabeth Jane Natural Cosmetics brand.

Further information is available via the Company website: www.skinelementslimited.com and on the Company online store: www.sknlife.com.au

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