



8 December 2020

### **EXCLUSIVE OPTION TO ACQUIRE STRATEGIC STAKE IN BEACH TOES**

Australian natural skincare company Skin Elements Limited (ASX: SKN) (“SKN” or the “Company”) is pleased to advise that it has today entered into an agreement (“Agreement”) pursuant to which SKN has been granted an exclusive option to acquire up to a 40% equity stake in Sambora Pty Ltd (“Sambora”), which owns unique natural Australian nail polish business, BeachToes.

BeachToes™ is a colourful range of UV protected, hard-wearing, outdoor nail polish specifically formulated to retain its quality and colour during intense outdoor wear. BeachToes™ is a natural, non-toxic nail polish with numerous unique features which align with SKN’s natural and organic skincare global growth program.

Key features of BeachToes™ include:

- **BeachToes™ sources natural alternatives to replace chemical ingredients found in most nail polishes** free from toluene, formaldehyde, and phthalates
- **Uses marine bio-ceramics** being a natural and sustainably sourced marine algae that when crushed into powder and applied to BeachToes™ polish can be utilised to form a 'natural cement' adhesive
- **Australian sourced botanical ingredients** including Blue Mountain Cypress oil
- **UV Protection:** BeachToes™ is an outdoor polish and the bright colours do not fade due to UV Protection unlike most polishes which do not utilise UV protection
- **Certified Cruelty Free:** not tested on animals
- **Vegan certified:** Australian made and plant based

Sambora is privately owned and operated by Mr Samuel Wendt in Perth, Western Australian. Upon establishment in 2011, Sambora commenced development of the unique BeachToes™ outdoor nail polish in an exclusive research & development agreement with Lumineye, a world class contract research & development facility in Brisbane, Queensland and Australia’s largest commercial nail polish manufacturer. The entire Beach Toes range is manufactured in Australia under contract at this facility which has production capacity of over 80,000 units per week.

Natural Science by Skin Elements

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Sambora has undertaken test marketing over the development period and is now expanding commercialisation of the Beach Toes range. Sambora has sold over \$175,000 of BeachToes™ products over the past year through a network of global distributor channels and through its online store – [www.sambora.com.au](http://www.sambora.com.au).

SKN considers that if a transaction is consummated, BeachToes™ will sit perfectly alongside SKN's all natural Soléo Organics sunscreens and will hold appeal to much of the same demographic as SKN's existing products.

The key terms of the proposed transaction are as follows:

- SKN to pay a non-refundable option fee of \$50,000 upon execution of the Agreement to BeachToes™ for a 60-day exclusivity period to undertake due diligence for SKN to acquire up to 40% of BeachToes™ for \$850,000 on terms to be finalised during the 60 day exclusivity period.
- Implementation of the transaction will be subject to the following conditions precedent:
  - Completion of all necessary due diligence by SKN in respect of BeachToes™; and
  - Finalisation of commercial terms and execution of formal agreements as may be necessary.

If the conditions are not satisfied or waived within 60 days of execution of the Agreement (or such later date as agreed), the Agreement may be terminated by either party by notice in writing.

The Agreement will allow SKN to undertake a more thorough due diligence assessment during the option period and identify any business, technology or product synergies that may exist or be developed, if any, between SKN and Sambora.

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

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**About Skin Elements**

Established in 2005, Skin Elements is an award winning Australian owned and operated ASX-listed skin care company focused on the development of natural and organic skin care products. Skin Elements innovative approach to organic chemical free products has enabled the creation of a portfolio of products that have been sold and distributed across the world. Its flagship products include Invisi-Shield Organics natural alcohol-free sanitiser range, Soléo Organics 100% natural and organic sunscreen, PapayaActivs natural therapeutics skincare, and Elizabeth Jane Natural Cosmetics brand.

Further information is available via the Company website: <http://skinelementslimited.com>

