



7 August 2020

## **Skin Elements Enters into \$2.4M Invisi Shield® Distribution Agreement**

### **Investment Highlights**

- Skin Elements has entered into a binding distribution agreement with Sydney-based Prudential Consultants for the distribution of the Invisi Shield® Organics hand sanitiser.
- The Agreement represents the first large-scale distribution contract for Invisi Shield® Organics and covers major eastern Australian markets at a time of increased demand for hand sanitiser products.
- Prudential Consultants has agreed to minimum total sales commitments of \$2.4 million over three years.
- Prudential Consultants is a preferred supplier of hand sanitiser to the NSW government and a registered supplier to the Tasmanian Department of Education.

Australian natural skin care company Skin Elements Limited (ASX: SKN) (Skin Elements, the Company) is pleased to announce that it has entered into a binding Distribution Agreement with Prudential Consultants Pty Ltd (Prudential Consultants) for the distribution of its Invisi Shield® Organics hand sanitiser in Australia (Agreement).

Prudential Consultants, trading as Shield Yourself, is an Australian health sector-focused consultancy group, established in 2016. It has a successful track record in distributing health and medical related products in NSW and throughout Australia, and is a preferred hand sanitiser and disinfectant supplier to the New South Wales Government and a registered hand sanitiser supplier to the Tasmanian Department of Education.

Prudential Consultants contacted Skin Elements in April 2020 after searching for an Australian organisation which aligns with its values of providing high quality products with a positive and lasting effect on themselves as well as the community and environment.

Further details on Prudential Consultants are set out in the About Prudential Consultants section of this announcement.

Key terms of the Distribution Agreement are as follows:

- The Agreement is for the exclusive distribution of Invisi Shield® Organics in New South Wales and Tasmania, and also the distribution of Invisi Shield® Organics outside of these territories on a non-exclusive basis.
- The Agreement is for an initial term of three years. Prudential Consultants has agreed to a minimum sales commitment of 40,500 litres or approximately \$2.4 million of Invisi Shield® Organics in this initial three-year period, commencing from 7 August 2020 as follows:

- Year 1: 12,000 litres (an average of 1,000 litres per month);
- Year 2: 13,500 litres (an average of 1,125 litres per month); and
- Year 3: 15,000 litres (an average of 1,250 litres per month).
- This stipulated minimum quantity may be increased to meet demand, subject to the agreement of both parties.
- The Agreement contains an option to extend by a further five years on the expiry of the initial term, subject to the agreement of both parties.
- Prudential Consultants will market and sell Invisi Shield® Organics to;
  - The education sector, including schools and universities and public and private institutions;
  - The transport sector, including buses, trains and aircraft as well as physical infrastructure such as airports, bus stations and train stations; and
  - Places of worship.
- Subject to applicable TGA approval being received for Invisi Shield® Organics, Prudential Consultants will also market and sell to the health care sector, including hospitals, aged care centres and other healthcare centres.
- Skin Elements will supply Invisi Shield® Organics to Prudential Consultants in five litre containers, one litre containers and 100ml bottles.
- As the distributor, Prudential Consultants, is required to pay 50% of the product price for an order upon placing the order, and the balance of the product price (50%) for an order prior to the date of shipment or delivery of the order.
- Prudential Consultants is also responsible for all costs, expenses and charges incurred as the distributor in performing its obligations under the Agreement. All prices are exclusive of all costs (including delivery, freight, insurance, all applicable taxes, duties, imposts or similar charges) which may be incurred, and any such costs incurred are payable by Prudential Consultants in addition to the product price.
- All Intellectual Property Rights in relation to Invisi Shield® Organics will remain the property of Skin Elements.
- Skin Elements may terminate the Agreement with immediate effect if Prudential Consultants breaches any provision of the Agreement that cannot be remedied. Skin Elements may also terminate the Agreement if Prudential Consultants breaches any provision of the Agreement that is capable of remedy and Prudential Consultants does not remedy that breach within 30 days.
- In addition to terms and conditions outlined in this announcement, the Agreement is subject to standard terms, conditions and warranties typical of a contract of this type.

As part of its negotiation and due diligence process, Skin Elements was able to review information on the historical operations of the distribution of health and medical related products provided by Prudential Consultants, and obtain confidence in respect of its capacity to meet its obligations under the Agreement. This included obtaining third party information such as review of government databases and obtaining details of approved supplier status.

Skin Elements notes that neither it nor Prudential Consultants has previously achieved sales of Invisi Shield® Organics historically at the proposed levels, however, Prudential Consultants has expressed confidence to the Company that it can achieve these targets. Notwithstanding this, investors should be aware that these targets are not forecasts and there can be no guarantee that they will be achieved.

**About Invisi Shield® Organics and SE Formula**

Invisi Shield® Organics is an alcohol-free, all-natural sanitiser formulation incorporating natural plant-based extracts designed to deliver maximum protection against germs whilst addressing increasing concerns about skin sensitivity due to the high repetitive use of alcohol-based sanitisers.

Skin Elements has utilised its experience and expertise in developing advanced anti-microbial natural skincare formulations to produce the SE Formula™, and independent laboratory tests have confirmed it to be 99.99% effective against Feline coronavirus, a surrogate of Coronavirus COVID-19 (refer ASX announcement, 29 May 2020).

Skin Elements is continuing to investigate the use of the SE Formula™ in a range of applications for Invisi-Shield Organics, and the regulatory requirements of the Therapeutic Goods Administration (TGA) in making any product claims. No product claims or TGA registrations have been made to date.

**About Prudential Consultants**

Prudential Consultants Pty Ltd trading as Shield Yourself, is a New South Wales-headquartered medical and health sector-focused consultancy, established in 2016. It specialises in working with government departments and organisations Australia-wide, and has a successful track record in distributing medical products in NSW and throughout Australia.

Prudential Consultants' goal is to provide customers with high quality products which have a positive, lasting effect on users as well as the environment. It is also focused on utilizing products made in Australia. It is a preferred supplier for the NSW government in the areas of hand sanitisation and disinfectants, and is a registered supplier for the Tasmanian government in the area of hand sanitisation.

Prudential Consultants has experience in successfully distributing large-volume quantities of hand sanitiser, disinfectant and cleaning products from other brands. Over the past two financial years it has sold in excess of 3,000 litres of hand sanitiser (on average) per month, and in the first quarter of this calendar year, has averaged sales of 8,000 litres per month.

To place retail and wholesale orders, please email [info@shieldyourself.com.au](mailto:info@shieldyourself.com.au).

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

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**For further information, please contact:**

Peter Malone  
Executive Chairman  
Skin Elements Limited  
T: +61 439 430 770  
E: peter@skinelementslimited.com

Media and Investor Inquiries  
James Moses  
Mandate Corporate  
T: +61 420 991 574  
E: james@mandatecorporate.com.au

**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 has 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>

