



14 October 2020

COMPANY UPDATE

Skin Elements Limited (SKN) is pleased to provide the following update on the Company's business.

Sales for the September Quarter

SKN has continued to manufacture and sell its range of unique all natural skincare technologies. Since 30 June 2020, SKN has recorded the following sales through its distributors and through its online store:

	Units	Sales Value
Soleo Organics (produced at Baxters):	1,279	\$19,147
PapayaActives (produced at Tripak):	1,603	\$45,310
Invisi-Shield (produced at SKN West Perth)	1,641	<u>\$6,459</u>
		\$70,916

SKN notes that Invisi-Shield became available in June through its online store, and the Soleo Organics Coconut range became available in September.

SKN has experienced restrictions on travel resulting in reduced ability to meet with distributors and new customers, increased costs and shipment timeframes for national and international freight, and delayed production and the delivery of inventories from its contract manufacturers in Victoria and Queensland. As a result, SKN was not able to scale up additional production and use further production funding under its pre-factoring production finance facility over the period.

Availability of Invisi-Shield

Following the announcement of the launch of the Invisi-Shield Natural sanitiser range in April, SKN commenced the order of ingredients and sourcing various bottles and spray and foaming dispensers. With production commencing in July at its West Perth premises, SKN notes that product information and training on its new Invisi-Shield were provided to Australian distributors in July with initial sample orders delivered in August.

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SKN's four key distributors in Australia and New Zealand, have advised that many of the 10,000 retail outlets serviced by them are holding significant stocks of alcohol based sanitisers following the initial impacts of the COVID-19 pandemic. As the unique attributes of the Invis-Shield product become more apparent, SKN expects to gain sales orders through its distributor channel.

Distribution Agreement - Prudential Consultants

On 7 August 2020, SKN entered into a binding distribution agreement with Prudential Consultants (trading as Shield Yourself) for the distribution of Invisi-shield sanitiser.

Prudential Consultants has agreed to minimum sales commitments of \$2.4 million over three years 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.

If Prudential Consultants is unable to achieve the minimum sales commitments as detailed in the announcement of 7 August 2020, and then SKN may terminate the agreement.

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.

Prudential Consultants has taken delivery of samples and training materials and has commenced marketing activities for the Invisi-Shield Natural sanitiser product, however, is yet to place orders with SKN under the Distribution Agreement.

Collaboration Agreement with Holista Colltech

The collaboration agreement with HCT is still on foot. SKN has taken delivery of 174 litres of Path-away and ordered a further 170 litres of Path-away in accordance with the agreement with HCT. Current value of orders and deliveries total \$219,901.

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

END

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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>

