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Skin Elements Executes Australian / New Zealand SuprCuvr Distribution Agreement

Highlights

- Skin Elements has executed a binding Agreement with Pacific Health Care Pty Ltd for the exclusive distribution of SuprCuvr hospital grade disinfectant in Australia and New Zealand
- The Agreement is for an initial term of 12 months and will be extended for up to an additional 48 months in total subject to achieving minimum sales volumes each year.
- The Agreement targets (but does not guarantee) sales volumes of 1.2 million litres of SuprCuvr in the first year, and total sales volumes of 5.5692 million litres over the duration of the Agreement if sales targets are met.
- The Agreement represents the next step in the commercialisation strategy for SuprCuvr and successful execution will financially underpin its commercialisation plans for SuprCuvr.
- Pacific Health was established in 1987 and is ISO 9001:2015 quality certified, and is a leading supplier of consumable products to the medical and healthcare industry in Australia and New Zealand.

Australian natural health care company Skin Elements Limited (ASX: SKN) (**Skin Elements** or the **Company**) is pleased to announce that it has executed a binding Agreement with Pacific Health Care Pty Ltd (**Pacific Health**) for the exclusive distribution of Skin Elements' TGA registered SuprCuvr hospital grade disinfectant in Australia and New Zealand (**Agreement**).

The Agreement represents the next step in the commercialisation strategy for SuprCuvr. It will allow Skin Elements to leverage off Pacific Health's existing health distribution networks and immediately drive sales into the Australian and New Zealand markets, and underpin the Company's operations to further execute its global commercialisation strategy.

The Agreement is for an initial term of 12 months, which will be extended for up to an additional 48 months in total, subject to achievement of minimum sales volumes each year. The Agreement targets sales volumes of 1.2 million litres of SuprCuvr in year one, and total anticipated sales volumes of 5.5692 million litres over the duration of the Agreement, subject to the achievement of annual sales targets.

Pacific Health Care was established in 1987, and has a successful track record of selling and distributing a range of consumable medical products into the Australian medical industry.

Its customers include, state governments (NSW Health, WA Health, Queensland Health and Tasmania Health), hospitals (St John of God Hospitals and Perth Children's Hospital), clinics, aged care facilities, general practitioners and dentists, surgical and medical sub-distributors, veterinary clinics, and at home patients.

Pacific Health is ISO 9001:2015 quality certified with established distribution facilities in Perth, Western Australia, a national logistics capability, and employs registered nurses in its sales representative team.

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Further details on Pacific Health are set out in the About Pacific Health section of this announcement.

Skin Elements' Executive Chairman Mr Peter Malone said:

"We are delighted to have appointed Pacific Health Care to distribute SuprCuvr in Australia and New Zealand as part of Skin Elements commercialisation program for SuprCuvr natural disinfectant. This is another significant step forward for the product which will now facilitate the ramp-up of production to meet future demand growth.

Pacific Health Care Chief Executive Officer Mr Xerxes Surty said:

"Pacific Health Care is excited to be appointed exclusive distributor for the natural SuprCuvr disinfectant in Australia and New Zealand. SuprCuvr fits immediately into our suite of health care and medical products, and we have already placed a significant initial order of SuprCuvr disinfectant for immediate delivery into our existing sales channels.

Key terms of the Agreement are as follows:

- The Agreement is for the exclusive right to market, sell, supply and distribute SuprCuvr Hospital Grade disinfectant to customers in Australia and New Zealand.
- Target customers include all current and potential customers of the Company and Pacific Health located in Australia and New Zealand other than excluded customers (which include agriculture and animal sectors, customer via Skin Elements' online retail website, certain specific customers in negotiation, and major supermarket chains internal usage).
- The Agreement is for an initial term of 12 months. If Pacific Health achieves sales of:
 - 1.2 million litres of SuprCuvr in this period the exclusive agreement will be extended for a further 12 months;
 - 1.32 million litres of SuprCuvr in the second year, the exclusive agreement will be extended for a further 12 months;
 - 1.452 million litres of SuprCuvr in the third year, the exclusive agreement will be extended for a further 12 months; and
 - 1.5972 million litres of SuprCuvr in the fourth year, the exclusive agreement will be extended for a further 12 months.
- Due to the nature of the Distribution Agreement the Company cannot assess the financial impact on the Company's securities at this stage. The Company will update the market in due course as and if the sales milestones are met.
- Skin Elements will supply SuprCuvr to Pacific Health in ready-to-use 80ml, 145ml, 285ml, and 565ml spray bottles, and 5 litre and 20 litre refill bulk containers.
- Pacific Health is required to purchase SuprCuvr from the Company at the agreed exclusive distributor price on terms 30 days from invoice.
- Pacific Health will assume responsibility for marketing, sale, supply and distribution of SuprCuvr to all of the Company's current and potential customers in Australia and New Zealand, and the Company will refer all sales and distribution leads to the Distributor.
- All intellectual property rights in relation to SuprCuvr will remain the property of Skin Elements.
- The Agreement may be terminated by either party if the other party fails to comply with any obligations under the Agreement and such failure continues for a period of 14 days, or an insolvency event occurs in relation to the other party.

- In addition to terms and conditions outlined in this announcement, the Agreement is subject to standard terms, conditions and warranties customary for an agreement of this nature.

As part of its negotiation and due diligence process, Skin Elements was able to meet with the Pacific Health owners and executive team, inspect its Perth facilities, and review information on Pacific Health's existing operations of its distribution of health and medical related products. Through this process Skin Elements was able to obtain confidence in respect of Pacific Health's capacity to meet its obligations under the Agreement.

Skin Elements notes that neither it nor Pacific Health have previously achieved sales of SuprCuvr historically at the proposed levels, however, Pacific Health has expressed confidence to the Company that it can achieve the minimum targets set out above. In addition, Pacific Health has a demonstratable track record in the distribution and sales of consumable products to the medical industry. Notwithstanding this, investors should be aware that these targets are not forecasts and there can be no guarantee that they will be achieved.

About SuprCuvr and SE Formula

SuprCuvr is a TGA registered hospital-grade disinfectant (Australian Register of Therapeutic Goods number 373328) made from a 100% plant-based formula.

Independent laboratory tests have confirmed that SuprCuvr has 99.99999% (7 log reduction¹) effectiveness against COVID 19². Skin Elements' research indicates that SuprCuvr is the first and only approved disinfectant globally with a 99.99999% (7 log reduction¹) efficacy against COVID 19.

The combination of exceptionally high efficacy in a 100% plant-based formula presents a significant market opportunity for SuprCuvr in large-scale settings where disinfectants are deployed.

¹In terms of infection control, log reduction conveys the level of effectiveness in reducing pathogens. The greater the log reduction, the more effective the product is at killing bacteria and other pathogens that can cause infections.

²Independent laboratory testing by Eurofins AMS Laboratories Pty Ltd, which provides chemical, microbiological and physical analytical testing services to many industry sectors. It is part of the global Eurofins group of laboratories, headquartered in Luxembourg, which has a network of more than 800 laboratories in 50 countries.

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

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About Skin Elements

Skin Elements (ASX: SKN) is an award winning Australian owned and operated ASX-listed health care company focused on the development 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, Invisi Shield alcohol free natural sanitiser, Soléo Organics 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> and on the Company online store: www.sknlife.com.au

About Pacific Health Care

Pacific Health Care, is a Perth, Western Australia, headquartered medical and health sector distributor, established in 1987. It specialises in selling and distributing consumables into hospitals, aged care facilities and nursing homes, government departments, general practitioners and dentists, surgical and medical sub-distributors, veterinary clinics, and at home patients. Pacific Health Care was acquired by new owners in 2021 who are committed to further growing the already successful health care business.

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

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