



10 August 2023

Quarterly Activity Report - Period ending 30 June 2023

Australian natural skin care company Skin Elements Limited (ASX: SKN) (Skin Elements, the Company) provides further information to provide clarification on its Quarterly Activity Report for the period ending 30 June 2023 as lodged on MAP on 31 July 2023.

LDA Capital \$20 million equity funding facility

SKN has an equity funding facility agreement (Agreement) with LDA Capital, under which LDA Capital has agreed to provide Skin Elements with up to \$20 million in committed equity capital over a period of 36 months (ASX announcement, 6 April 2021).

The Agreement provides the Company with access to additional equity capital to support its growth objectives for the business, as required. The Company has not made any drawdown under this facility during the quarter.

As noted in previous announcements, the number of shares that can be issued under the facility is limited to the Company's capacity under Listing Rule 7.1 and 7.1A (unless approved by shareholders) up to a maximum of 19.9% of issued capital. It is noted that LDA Capital hold 25,500,000 collateral shares issue of which have been approved by shareholders.

Based on SKN's share capital and capacity, the maximum shares that can be placed with LDA Capital is 113,327,733 shares raising approximately \$906k.

SKN has updated section 7.3, 7.4, 7.6 and 8.5 of the Appendix 4C to provide this clarification.

Research & Development Rebate

The Company's R&D Rebate calculation for the FY2023 research and development spend is approximately \$1.13million of which the Company has received advances of \$538k prior to 30 June 2023 on the terms as set out section 7.4 of the Appendix 4C. The Company expects to receive the balance of \$592k in the current quarter.

SKN has updated section 7.3, 7.4, 7.6 and 8.5 of the Appendix 4C to provide this clarification.

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

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Natural Science by Skin Elements

For further information please contact

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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.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

SKIN ELEMENTS LIMITED (ASX:SKN)

ABN

90 608 047 794

Quarter ended (Current quarter)

30 June 2023

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (12 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	43	193
1.2 Payments for:	-	-
(a) research and development [†]	(762)	(1,614)
(b) product manufacturing and operating costs [†]	(18)	(130)
(c) advertising and marketing [†]	(49)	(137)
(d) leased assets	-	-
(e) staff costs	(68)	(475)
(f) administration costs [†]	(27)	(326)
(g) corporate costs	(43)	(250)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(26)	(82)
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives (net of funding repayments)	166	789
1.8 Other: (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(784)	(2,032)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-

[†] Year to date contained minor reallocations within operating cash flow payments. These have not affected total operating cash flows

2.6 Net cash from / (used in) investing activities	-	-
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Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,022	1,772
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(73)	(130)
3.5 Proceeds from borrowings	-	100
3.6 Repayment of borrowings	(100)	(100)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	849	1,642
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	293	748
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(784)	(2,032)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	849	1,642
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	358	358

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	358	293
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details):	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	358	293

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	132
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 and 6.2 your quarterly activity report must include a description of, and an explanation for, such payments

Included in the operational cash outflows for the quarter is \$90k paid to entities associated with the Directors for executive services and directors' services in accordance with services agreements, details of which have been disclosed in the Company's 2022 Annual Report.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify): LDA Capital Equity Funding Facility	906	-
Other (please specify): R&D Rebate Facility	1,130	538
7.4 Total financing facilities	2,036	538

7.5 **Unused financing facilities available at quarter end** 1,498

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

LDA Capital Equity Funding Facility Terms and conditions:

Key terms and conditions:

- **Terms** 36 months
- **Total facility** Put options to require LDA to subscribe for up to \$20 million of shares at the Company's election.
- **Drawdown** Nil
- **Issue Price** The issue price of the shares pursuant to a put option will be 90% of the higher of:
 - The average VWAP of shares in the 30-trading day period after the issue of a call option by the Company (subject to any applicable adjustments); and
 - the minimum price notified to LDA Capital by the Company upon the issue of the call option.
- **Limit** During the term of the Agreement, LDA Capital may not hold more than 19.9% of the issued share capital of the Company.
- **Capacity** Any placement to LDA Capital is expected to be made under the Company's Listing Rule 7.1 capacity.
- **Security** SKN will issue LDA Capital collateral shares (SKN ordinary fully paid for nil consideration) on a one for one basis to the number of shares issued under the capital call notice less any collateral shares already held by LDA Capital.
- **Availability** The total number of shares that SKN could issue under the facility based upon the Limit and Capacity as calculated above is 113,327,733 shares which at current market price would provide approximately \$906k.

R&D Rebate Advance Facility Terms and conditions:

Key terms and conditions:

- **Terms** Up to 18 months
- **Total facility** \$1.13 million based on eligible R&D spend for FY2023.
- **Drawdown** As at 30 June 2023, \$538k has been drawdown with balance available \$592k
- **Security** The facility is secured against the R&D Tax Rebate based on eligible 2023 R&D spend. The facility and interest is repaid on receipt of the R&D Rebate.
- **Interest Rate** 14%pa prorata.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(784)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	358
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,498
8.4 Total available funding (Item 8.2 + Item 8.3)	1,856
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.37

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: Thursday, 10 August 2023

Authorised by: _____
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.