31 January 2025

Quarterly Activity Report - Period ending 31 December 2024

Australian natural biotechnology company Skin Elements Limited (ASX: SKN) (Skin Elements, the Company) is pleased to present its Quarterly Activity Report for the period ending 31 December 2024.

Quarterly Highlights

- **ECO-Nurture sustainable, horticultural plant bio stimulant continues spray programs of ECO-Nurture on kiwi fruit orchards in New Zealand**
- **The SuprCuvr disinfectant formula continues evaluation as a 3 in 1 cleaner and disinfectant in public health and transport sectors**
- **Large-scale distribution opportunity continued to be advanced in the quarter for Soléo Organics and white label sunscreen formulations in the retail pharmacy sector**
- **R&D Rebate advance of $182k received in the quarter resulting from the eligible R&D expenditure for FY2025.**
- **Skin Elements announces 1 for 5 non renounceable entitlement issue to raise $513k.**

SE Formula™ – the Cornerstone of our Business

The SE Formula has been developed by Skin Elements over the last 16 years and is the core of every natural product we develop. Products with the SE Formula™ have scientifically proven efficacy while using only natural and plant-based ingredients and have come to be trusted by consumers.

To date, the Company has developed four core formulas, each with potential to provide viable, efficacious alternatives to widely-used chemical based products in mass markets globally. These formulas form the basis of Skin Elements' product range - Soléo Organics, SuprCuvr, ECO-Nurture and PapayaActivs Therapeutics – and underpin its value proposition.

Skin Elements has a three phase development process leading into commercial scale production and sales:

Phase 1. Pure research and development to undertake investigations into natural organic ingredients and processes to prepare prototype formulations.

Phase 2. Produce test batches and undertake product trials, test marketing and regulatory certifications.

Phase 3. Negotiate distribution agreements and commence scale up production and launch into commercialisation.

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During the quarter, Skin Elements' continued investment in the research and development of its proprietary plant-based, high-performance SE Formula biotechnology and has continued to build initial traction in Phase 3 negotiations on distribution agreements and commercial scale production across its product ranges.

Commenting on the quarter, Skin Elements Executive Chairman Mr Peter Malone said;

"Skin Elements continues to carefully manage its operational cashflows through reduced corporate and operating costs as it transitions to bringing large scale commercialisation opportunities to fruition. Our commitment to a formal three-phase approach to research and development enables the Company to qualify for the Research and Development Tax Rebate on ongoing funding during the quarter. The Company also announced its one for five entitlement issue strengthening cash reserves."

ECO-Nurture – Phase 3 Commencing

ECO-Nurture is a sustainable, horticultural-specific plant bio stimulant product developed from the plant-based SE Formula biotechnology research and development program as an effective alternative to chemical-based agricultural sprays currently used in crop disease protection globally.

During the quarter, the Company delivered a further 930 litres of ECO Nurture concentrate to kiwi fruit orchard managers in New Zealand for the fourth and final spray on over 120 orchards in this current season ECO Nurture spray application program.

With ECO-Nurture added to Zespri's approved spray list under Zespri Crop Protection Standards Justified Approval (JA) protocols, Skin Elements is now seeking to have ECO Nurture adopted across the kiwifruit industry. Headquartered in New Zealand, Zespri is the world's largest marketer of kiwifruit with over $4 billion in sales annually.

SuprCuvr - Phase 3 Commencing

SuprCuvr is a TGA registered hospital-grade disinfectant made from the Company's proprietary 100% plant-based formula. It combines the world's highest level of efficacy against viral and bacterial infection with a 100% plant-based organic input certified formula to present a significant market opportunity for a chemical-free disinfectant in large-scale settings such as food manufacturing, hospitality retailing businesses, public transport and health.

Skin Elements has continued to focus on test market assessment and qualification of SuprCuvr in public health and transport sectors particularly in Melbourne secondary schools and in urban train carriages and stations in Melbourne, Australia.

These represent large-scale, commercial opportunities for SuprCuvr to be utilised as a disinfectant, replacing widely used chemical-based products.

Soléo Organics – Phase 3 Commercialisation Negotiations

Soléo Organics is an award-winning, natural and organic sunscreen formulation, providing a highly effective, high performance chemical-free sunscreen range. It was the first application borne out of Skin Elements' SE Formula research and development program.

Negotiations continue to progress during the quarter with a leading health retail group in the United Kingdom for distribution of the Soléo Organics sunscreen formulation under white label.

As part of this process, independent laboratory testing is in progress designed to confirm key performance specifications for the UK market including testing sunscreen formulations for both SPF50 broad spectrum and 5-Star UVA rating, water resistance and stability (shelf life), which have previously been unheard of for a natural organic sunscreen formulation.

Skin Elements will update the market on any material progress on these, or any other, sales or distribution opportunities.

PapayaActivs Therapeutics – Phase 2 completing

During the quarter, Skin Elements continued to progress Phase 2 improvements in the PapayaActivs formulation and expansion of the product range. The Company also undertook small scale Phase 3 test market of skincare ranges through its online store.

PapayaActivs combines a high concentration of natural pawpaw extract with other active natural ingredients to help relieve the symptoms of skin conditions, like psoriasis, rashes, eczema, assist in healing of minor burns and wounds, and relieve mild muscle, joint and arthritic pain. PapayaActivs is listed on the TGAs Australian Register of Therapeutic Goods.

Corporate

Research & Development Rebate and Radium Facility

The Company's commitment to the continued research and development of its natural SE Formula Biotechnology sees it eligible for the Federal Government's R&D Rebate. The Company received $1.19 million resulting from eligible R&D expenditure for FY2024 and in the quarter repaid $798k of the Radium R&D facility previously advanced.

The R&D Rebate has been assessed at $418k based on the expenditure incurred during the first half of FY2025 with Skin Elements receiving an advance of $182k during the quarter under the R&D Rebate advance facility provided by Radium Capital.

Rights Issue

During the quarter, the Company announced that it was undertaking a non-renounceable rights issue to existing shareholders on the basis of 1 new share for 5 existing shares to issue up to 171,230,552 shares raising $513k in cash. The rights issue is expected to be closed on 14 February 2025.

Summary of Operating Cashflows

The Company's progression through the three phase research program is reflected in the operating cashflows for the quarter, which included customer receipts of $17k and operational cash outflows included $276k invested in product manufacturing, staff and research & development, and $189k for marketing, administration and corporate finance costs. Net cash outflows from operating activities for the quarter were $298k. The Company continues to manage operational cashflows in line with operational and financing cash inflows.

As noted in the 2024 Annual Report, and as approved by Shareholders at the 2024 Annual General Meeting, the Company issued equity securities to Directors and Key Management for $500,000 unpaid executive services and directors' services in accordance with service agreements. In addition, $187k was paid during the quarter to entities associated with the Directors for repayment of borrowings related to R&D project costs.

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

END

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About Skin Elements

Skin Elements (ASX: SKN) is an award winning Australian owned and operated ASX-listed natural biotechnology company focused on the development of its SE Formula Biotechnology. Skin Elements world leading innovative approach to research and development of plant-based and organic sourced ingredients has enabled the creation of a portfolio of all natural plant based formulations that have global applications. Its flagship formulations have delivered products that include the SuprCuvr TGA-registered, hospital-grade plant-based disinfectant, ECO-Nurture plant bio-stimulant, Soléo Organics natural and organic sunscreen, PapayaActivs natural therapeutics skincare products and the 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	Quarter ended (**Current quarter**)
90 608 047 794	**31 December 2024**

Consolidated statement of cash flows		**Current Quarter $A'000**	**Year to date (6 Months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	167	327
1.2	Payments for:	-	-
	(a) research and development	(134)	(224)
	(b) product manufacturing and operating costs	(28)	(36)
	(c) advertising and marketing	(18)	(24)
	(d) leased assets	(40)	(62)
	(e) staff costs	(114)	(206)
	(f) administration costs	(23)	(118)
	(g) corporate costs	(21)	(93)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	(87)	(89)
1.6	Income taxes (paid) / refunded	-	-
1.7	Government grants and tax incentives	-	1,194
1.8	Other: (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	(298)	671
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)	-	-
2.6	**Net cash from / (used in) investing activities**	-	-

Consolidated statement of cash flows		Current Quarter $A'000	Year to date (6 Months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(8)	(8)
3.5	Proceeds from borrowings	182	261
3.6	Repayment of borrowings	(975)	(977)
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**	(801))	(724)
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,161	115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(298)	671
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)	(801))	(724)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	62	62

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	62	1,161
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)	62	1,161

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	Nil
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

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

In December 2024, following shareholder approval, the Company issued equity securities in satisfaction of amounts owed to Directors and Key Management of approximately $500K.

During the quarter the Company paid $187K to entities associated with Directors for repayment of borrowings related to R&D project costs..

7.	**Financing facilities** 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.	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify): - R&D Rebate Facility	418	177
7.4	**Total financing facilities**	418	177

7.5	**Unused financing facilities available at quarter end**	241

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.

- ***R&D Rebate Advance Facility Terms and conditions:***

Terms	Up to 18 months.
Total facility	$418K based on eligible R&D spend.
Drawdown	As at 31 December 2024, $182K has been drawn down with balance available of $236K.
Security	The facility is secured against the R&D Tax Rebate based on eligible R&D spend. The facility and interest is repaid on receipt of the R&D Rebate.
Interest Rate	15% p.a. pro rata.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	**Net cash from / (used in) operating activities** (Item 1.9)	(298)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	62
8.3	Unused finance facilities available at quarter end (Item 7.5)	241
8.4	Total available funding (Item 8.2 + Item 8.3)	303
8.5	**Estimated quarters of funding available** (Item 8.4 divided by Item 8.1)	1.02

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:

   Yes

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:

   Yes the Company is currently undertaking an Entitlement Issue which is raising $513k and therefore has total available funding to provide 2.7 quarters operating cash

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:

   Yes the Company has sufficient cash and cash facilities to meet cashflow requirements of its business operations

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: Friday, 31 January 2025

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.