

SKIN ELEMENTS LIMITED

ABN 90 608 047 794

and its controlled entities



Appendix 4E

Preliminary Final Report

2023

Corporate directory

Current Directors

Peter Malone	<i>Executive Chairman</i>
Filippo (Phil) Giglia	<i>Non-Executive Director</i>
Stuart Usher	<i>Non-Executive Director</i>

Company Secretary

Stuart Usher

Registered Office

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<i>Postal:</i>	1242 Hay Street WEST PERTH WA 6005
<i>Telephone:</i>	+61 (0)8 6311 1900
<i>Facsimile:</i>	+61 (0)8 6311 1999
<i>Email:</i>	info@skinelementslimited.com
<i>Website:</i>	www.skinelementslimited.com

Auditors

BDO Audit (WA) Pty Ltd

<i>Street:</i>	Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
<i>Telephone:</i>	+61 (0)8 6382 4600
<i>Facsimile:</i>	+61 (0)8 6382 4601
<i>Website:</i>	www.bdo.com.au

Share Registry

Link Market Services Limited

<i>Street:</i>	Level 12, QV1 Building, 250 St Georges Terrace PERTH WA 6000
<i>Telephone:</i>	1300 554 474 (within Australia) +61 1300 554 474 (International)
<i>Facsimile:</i>	+61 (0)8 6370 4203
<i>Email:</i>	registrars@linkmarketservices.com.au
<i>Website:</i>	www.linkmarketservices.com.au

Securities Exchange

Australian Securities Exchange

<i>Street:</i>	Level 40, Central Park, 152-158 St Georges Terrace Perth WA 6000
<i>Telephone:</i>	131 ASX (131 279) (within Australia)
<i>Telephone:</i>	+61 (0)2 9338 0000
<i>Facsimile:</i>	+61 (0)2 9227 0885
<i>Website:</i>	www.asx.com.au
<i>ASX Code:</i>	SKN



Contents

 Company update1

 Results for announcement to the Market4

 Consolidated statement of profit or loss and other comprehensive income6

 Consolidated statement of financial position7

 Consolidated statement of changes in equity8

 Consolidated statement of cash flows9

 Notes to the preliminary final report10



Company update

1. Operating and financial review

1.1. Nature of Operations and Principal Activities

Skin Elements Limited is a researcher and developer of its leading proprietary all-natural anti-microbial SE Formula™ Biotechnology. The SE Formula™ Biotechnology is used as a base in the Company's proprietary skincare formulas including the natural disinfectant hygiene cleaner SuprCuvr and Eco Nurture formulas, the Soleo Organics natural sunscreen, the PapayaActivs therapeutic skincare, and the Elizabeth Jane Natural Cosmetics.

1.2. Operations Review

1.2.1. Development of Eco Nurture Plant Bio Stimulant

Eco Nurture is the latest product developed from the SE Formula biotechnology research and development program.

Eco Nurture is a sustainable, horticultural-specific plant-based bio stimulant product which is an effective alternative to chemical-based bactericides and fungicides currently used in crop protection globally. This represents a major opportunity in the massive agriscience market.

Skin Elements uses a three-phase research and development process to come up with a product formula for the desired field and purpose. This process is as follows:

-  **Research Phase 1** Investigation into ingredients and processes to prepare prototype formulations to achieve specific criteria for a specific purpose
-  **Development Phase 2** Produce test batches and undertake product trials, test marketing and regulatory certifications.
-  **Development Phase 3** Commence scale up production and launch into commercialisation seeking distribution agreements to create large scale regular orders.

With Eco Nurture, the research phase 1 investigations and prototype formulation during the year has delivered a positive outcome, with the Eco Nurture crop sample testing delivering improved stress tolerance, wellness and natural resilience levels in a number of fruit crops. The progress achieved to date reinforces the ability of Eco Nurture as a replacement to harmful chemicals, including copper sulphates, used in crop production and is now planning to undertake development phase 2 testing.

1.2.2. SuprCuvr - Development Phase 2 Market Testing

SuprCuvr is a TGA registered hospital-grade disinfectant made from a 100% plant-based formula. Independent laboratory tests have confirmed that SuprCuvr has a 7-log reduction (99.99999%) effectiveness against bacteria and viruses. It combines an exceptionally high level of efficacy with a 100% plant-based formula to present a significant market opportunity for a chemical-free disinfectant in large-scale settings where disinfectants are deployed.

The Company continued the development of the SuprCuvr product range, with the development of SuprCuvr biodegradable and compostable wipes. This product has potential to address a significant market need, and is consistent with community-wide efforts to cut-down on non-biodegradable waste.

SKN and Pacific Health Care Pty Ltd (Pacific Health) has continued to work together to evaluate the initial market responses and update the formula potency, packaging presentation and competitive pricing structure.

During the previous period, the Company had received orders and invoiced Pacific Health for SuprCuvr products totalling \$1,266,354 (of which \$210,786 has been received). Due to the uncertainty of timing of receipt of the balance, the Company has recognised a provision for impairment of \$527,784 in the current period, as detailed in note 4.2.2.

1.2.3. Cosmetic Skincare – Soleo Organics

Soléo Organics has completed development phase 2 and is now commencing development phase 3 with the initial engagement of a leading health and wellbeing retail chain in the UK and investigations into scale manufacturing of white label ranges.

Soléo Organics was the first application borne out of the SE Formula research & development program that resulted in a major advancement in sun protection technology, and has been independently recognised as one of the world's best sun protection formulas.

1.2.4. Cosmetic Skincare – PapayaActivs

PapayaActivs is currently in development phase 2 with improvements in the formulations and expansion of the product range.

PapayaActivs combines a high concentration of natural pawpaw extract with other active natural ingredients to help relieve the symptoms of skin conditions, like psoriasis, 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.



Company update

The above opportunities are all ongoing, but there is no certainty that any sales or distribution agreements will be entered into. Skin Elements will update the market on any material progress on these, or any other, sales or distribution opportunities. The Company's product range is available through the Company's updated and optimised online store websites www.soleoorganics.com and www.sknlife.com.

1.2.5. Appointment of New Director and Company Secretary

On 17 January 2023, SKN appointed Mr Stuart Usher to the Board as a Non-Executive Director. Mr Usher's appointment brings broad experience and skills to the Board, assisting the Company develop its corporate strategy and governance as it transitions from research & development to commercial operations.

Mr Usher's appointment follows the resignation of Mr Lee Christensen as a Non-Executive Director.

Mr Usher is also appointed as Company Secretary on 17 January 2023 replacing Mr Phil Giglia in this role.

1.2.6. Research & Development Rebate (R&D)

The Company's commitment to the research and development of its natural SE Formula Biotechnology saw it record R&D Rebate of \$1.13 million for the R&D expenditure invested in the 2023 financial year.

The Company has received advance funding of \$538k of this R&D Rebate under a facility with Radium Capital during the 2023 financial year with the balance received after 30 June 2023.

1.2.7. Placement raises \$750,000

On 4 November 2022 the Company advised it had finalised a private placement to sophisticated investors raising \$750,000 in cash (before costs). The Company issued 30,000,000 ordinary fully paid shares at \$0.025 each (under the Company's ASX LR7.1A placement capacity) with one attaching option exercisable at \$0.05 on or before 31 October 2025 for each new share (under the Company's ASX LR7.1 capacity) to the subscribers in the placement.

1.2.8. Entitlement Issue raises \$1.022 million

The Company announced on 22 June 2023 the successful completion of its non-renounceable pro-rata entitlement issue on the basis of one new share for every five ordinary shares held on the record date at an issue price of \$0.01 for each new share with one attaching option (exercisable at \$0.025 three years from date of issue) for each new share issued.

The issue was oversubscribed with the issue of 97,198,217 ordinary fully paid shares and 97,198,217 attaching options (exercisable at \$0.025 three years from date of issue) raising \$971,982 in cash.

The entitlement issue was fully underwritten by 708 Capital Pty Ltd, with 6,152,981 ordinary fully paid shares and 6,152,981 attaching options (exercisable at \$0.025 three years from date of issue) issued to 708 Capital Pty Ltd for underwriter fee of \$61,530. A further 10 million options ((exercisable at \$0.025 three years from date of issue) were issued to 708 Capital Pty Ltd for Lead Manager Fee valued at \$58K.

1.2.9. LDA Capital \$20 million equity funding facility

On 6 April 2021 SKN announced it had entered into 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 the next 36 months (ASX announcement, 6 April 2021).

The Agreement enables Skin Elements to issue shares to LDA Capital over the next three years at the Company's discretion at a floor price to be determined by Skin Elements and receive funds for the issue of those shares.

The Agreement allows Skin Elements to access committed equity capital on a flexible basis by managing the timing and size of each capital drawdown. The Agreement ensures that Company has access to additional equity capital as required to support its growth into new markets, support existing sales channels and fund the anticipated commercial scale sales and distribution opportunities for SuprCuvr and the Company's other product lines.

As part consideration for entering into a Put Option Agreement (POA), the Company issued to LDA Capital 26,000,000 unlisted options all expiring on 15 March 2024 which were initially recognised using a fair value assessment of \$604,000 as a prepayment (asset) and derivative liability. At each balance date, the fair value of the derivative liability was reassessed and the movement in value recognised as a fair value gain or loss to P&L in the period.

As the timing of the drawdowns under the POA is uncertain, the Directors have taken a prudent view and expensed the remaining balance of the prepayment carrying value of \$837,942 and the remaining fair value of the derivative liability of \$53,000.

The Company was also required to pay a commitment fee of A\$300,000 to LDA Capital which has been paid subsequent to year end.



Company update

The Company also has on issue to LDA Capital 25,500,000 shares (Collateral Shares) for nil consideration. LDA Capital will hold these shares until such time that the Company issues the initial call notice. At that time, and subject to certain limitations set out in the POA, LDA Capital may sell collateral shares on market. Under the POA, unused Collateral Shares may be used for a subsequent call, bought back by the Company for nominal consideration or transferred to a trustee or nominee of the Company for nominal consideration.

As at the date of this report the Company has not made a drawdown under this facility.

1.3. Financial Review

1.3.1. Key profit and loss measures

	Movement (increase/ decrease)	Movement \$	2023 \$	2022 \$
Revenues from ordinary activities	decreased	1,214,199	194,131	1,408,330
Loss from ordinary activities after tax	increased	2,523,285	(4,104,195)	(1,580,910)
EBITDA Loss	increased	(2,788,556)	(3,949,927)	(1,161,371)

1.3.2. Key net asset measures

	Movement (increase/ decrease)	Movement \$	2023 \$	2022 \$
Cash and cash equivalents	decreased	389,618	358,432	748,050
Working capital (excluding prepayments)	decreased	708,318	533,136	1,241,454
Net tangible assets	decreased	1,557,136	604,803	2,161,939
Net assets	decreased	1,957,216	8,094,793	10,052,009

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

1.4. Future Developments, Prospects, and Business Strategies

Likely developments in the operations, business strategies and prospects of the Group include:

- The Company will undertake future capital raising through either equity placement facility, private placement or entitlement issue, and the consideration of other equity and debt proposals
- The Company will continue to focus on development and commercialisation of its natural anti-microbial technology as set out in its review of operations.

Other likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report particularly given the early stage of the Company's commercial operations with its new expanded range of natural and organic products. The Directors believe that the inclusion of such information would be likely to be unreasonably prejudicial to the Group.

1.5. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

The Directors have considered the enacted *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

Results for announcement to the Market

for the year ended 30 June 2023

1. Reporting period (item 1)

Report for the financial year ended:

30 June 2023

Previous corresponding period is the year months ended:

30 June 2022

2. Results for announcement to the market

Movement

Percentage %

Amount \$

Decrease in revenues from ordinary activities (item 2.1)

↓

(86.22)

to

194,131

Increase in loss from ordinary activities after tax attributable to members (item 2.2)

↑

159.61

to

(4,104,195)

Increase in loss after tax attributable to members (item 2.3)

↑

159.61

to

(4,104,195)

2.1. Dividends (item 2.4)

Amount per Security ¢

Franked amount per security %

Interim dividend

nil

n/a

Final dividend

nil

n/a

Record date for determining entitlements to the dividend (item 2.5)

n/a

2.2. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

Refer to Company update on page 1 of this report.

3. Preliminary Final Report

3.1. Statement of comprehensive income (item 3):

Refer to Consolidated statement of profit or loss and other comprehensive income on page 6

3.2. Statement of financial position (item 4):

Refer to Consolidated statement of financial position on page 7

3.3. Statement of cash flows (item 5):

Refer to Consolidated statement of cash flows on page 9

3.4. Statement of changes in equity (item 6):

Refer to Consolidated statement of changes in equity on page 8

4. Dividends (item 7) and Returns to shareholders including distributions and buy backs (item 14.2)

Nil.

4.1. Details of dividend or distribution reinvestment plans in operation are described below (item 8):

Not applicable

5. Ratios

Current Period \$

Previous corresponding Period \$

5.1. Financial Information relating to 5.2 and 5.3:

Earnings for the period attributable to owners of the parent

Net assets

Less: Intangible assets (including net deferred tax balances)

Net tangible assets

(4,104,195)

8,094,793

(7,489,990)

604,803

(1,580,910)

10,052,009

(7,890,070)

2,161,939

Results for announcement to the Market

for the year ended 30 June 2023

5	Ratios (cont.)	Current Period No.	Previous corresponding Period No.
	Fully paid ordinary shares	543,986,095	407,727,266
	Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	437,027,832	399,923,157
		¢	¢
5.2.	Net tangible assets backing per share (item 9):	0.111	0.530
5.3.	Earnings per share attributable to owners of the parent (item 14.1):	(0.939)	(0.395)
As at 30 June 2023 the Group has 197,351,198 unissued shares under options (2022: 26,000,000) and 209,000,000 performance shares on issue (2022: 209,000,000). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and performance shares were anti-dilutive.			
6.	Details of entities over which control has been gained or lost during the period (item 10):		
6.1.	Control gained over entities		
	 Name of entities (item 10.1)	Nil	
	 Date(s) of gain of control (item 10.2)		
6.2.	Loss of control of entities		
	 Name of entities (item 10.1)	Nil	
	 Date(s) of loss of control (item 10.2)	N/A	
6.3.	Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).	Nil	
6.4.	Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Nil	
7.	Details of associates and joint venture (item 11):		
	 Name of entities (item 11.1)	Nil	
	 Percentage holding in each of these entities (item 11.2)	n/a	
		Current Period \$	Previous corresponding Period \$
	 Aggregate share of profits (losses) of these entities (item 11.3)	N/A	N/A
8.	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position (item 12): Refer to Company update on page 1 of this report.		
9.	The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards (item 13).		
10.	Commentary on the results for the period (item 14): Refer to Company update on page 1.		
11.	The preliminary final report has been prepared based on the 30 June 2023 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s.302 of the <i>Corporations Act 2001</i> (Cth). (item 15)		

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<i>Continuing operations</i>			
Revenue	1.1	194,131	1,408,330
Cost of sales		(99,014)	(365,174)
Gross profit		95,117	1,043,156
Other income	1.2	1,183,463	1,476,671
Administrative and other costs		(2,124,896)	(1,637,954)
Research and development costs		(1,690,254)	(2,024,235)
Selling and distribution costs		(143,647)	(425,183)
Operating loss		(2,680,217)	(1,567,545)
Interest and finance costs		(58,252)	(13,365)
Impairment expense	4.2.2	(527,784)	-
Put option agreement fees expensed		(837,942)	-
Loss before tax	2.1	(4,104,195)	(1,580,910)
Income tax benefit	3.1	-	-
Net loss for the year		(4,104,195)	(1,580,910)
<i>Other comprehensive income, net of income tax</i>			
		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(4,104,195)	(1,580,910)
<i>Earnings per share:</i>			
		¢	¢
Basic and diluted loss per share (cents per share)		(0.94)	(0.40)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2023

	Note	2023 \$	2022 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	358,432	748,050
Trade and other receivables	4.2.1	1,172,336	1,357,892
Inventories	5.1	83,845	154,274
Other current assets	4.3.1	57,207	88,489
Financial Assets	4.6.1	-	502,000
Total current assets		1,671,820	2,850,705
<i>Non-current assets</i>			
Right of use asset - property, plant, and equipment		14,460	20,554
Financial Assets	4.6.1	-	335,942
Intangible assets	5.2	7,489,990	7,890,070
Total non-current assets		7,504,450	8,246,566
Total assets		9,176,270	11,097,271
<i>Current liabilities</i>			
Trade and other payables	4.4.1	1,063,725	767,733
Borrowings	4.5.1	17,752	24,529
Derivative liabilities	4.6.2	-	26,500
Total current liabilities		1,081,477	818,762
<i>Non-current liabilities</i>			
Trade and other payables	4.4.2	-	200,000
Derivative liabilities	4.6.2	-	26,500
Total non-current liabilities		-	226,500
Total liabilities		1,081,477	1,045,262
Net assets		8,094,793	10,052,009
<i>Equity</i>			
Issued capital	6.1.1	24,244,454	22,871,096
Reserves	6.4	1,002,715	229,094
Accumulated losses		(17,152,376)	(13,048,181)
Total equity		8,094,793	10,052,009

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.



Consolidated statement of changes in equity

for the year ended 30 June 2023

	Note	Contributed equity \$	Accumulated losses \$	Share-based payment reserve \$	Total equity \$
<i>Balance at 1 July 2021</i>		20,978,594	(11,467,271)	91,252	9,602,575
Loss for the year attributable to the owners of the parent		-	(1,580,910)	-	(1,580,910)
Other comprehensive income for the year attributable to the owners of the parent		-	-	-	-
Total comprehensive income for the year attributable to the owners of the parent		-	(1,580,910)	-	(1,580,910)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	6.1.1	1,892,502	-	-	1,892,502
Share-based payments during the year	6.3	-	-	137,842	137,842
Balance at 30 June 2022		22,871,096	(13,048,181)	229,094	10,052,009
<i>Balance at 1 July 2022</i>		22,871,096	(13,048,181)	229,094	10,052,009
Loss for the year attributable to the owners of the parent		-	(4,104,195)	-	(4,104,195)
Other comprehensive loss for the year attributable to the owners of the parent		-	-	-	-
Total comprehensive loss for the year attributable to the owners of the parent		-	(4,104,195)	-	(4,104,195)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	6.1.1	1,397,358	-	-	1,397,358
Share-based payments during the year	6.3	-	-	773,621	773,621
Balance at 30 June 2023		24,268,454	(17,152,376)	1,002,715	8,118,793

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		193,326	358,355
Payments to suppliers and employees		(2,955,997)	(3,566,046)
Receipt of research and development tax incentive		984,992	801,078
Interest paid and facility fees		(58,252)	(13,365)
Net cash used in operating activities		(1,835,931)	(2,419,978)
<i>Cash flows from investing activities</i>			
Purchase of intangibles		-	-
Net cash used in investing activities		-	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares	6.1.1	1,772,102	2,100,000
Share issue costs		(129,837)	(141,440)
Proceeds of borrowings		638,251	1,710,507
Repayments of borrowings		(834,203)	(788,671)
Net cash provided by financing activities		1,446,313	2,880,396
Net increase in cash and cash equivalents held		(389,618)	460,418
Cash and cash equivalents at the beginning of the year		748,050	287,632
Cash and cash equivalents at the end of the year	4.1	358,432	748,050

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.



Notes to the preliminary final report

for the year ended 30 June 2023

Note	1	Revenue and other income	Note	2023 \$	2022 \$
1.1		Revenue			
		Sales to customers		194,131	1,408,330
				194,131	1,408,330
1.2		Other Income			
		Research and development tax incentives grant income		1,129,934	984,463
		Fair value adjustment of fee options		53,000	492,208
		Interest income		529	-
				1,183,463	1,476,671
Note	2	Expenses	Note	2023 \$	2022 \$
2.1		Expenses by nature			
		Administration expenses	2.2	462,142	340,506
		Advertising and marketing expenses		143,647	425,183
		Amortisation	5.2	406,174	406,174
		Corporate expenses	2.3	230,753	294,985
		Employee benefits expense	2.4	976,642	510,500
		Impairment expense	4.2.2	527,784	-
		Occupancy costs		107,437	99,154
		Manufacturing, purchasing, and distribution costs		99,014	365,174
		Put Option Agreement fees expensed		837,942	-
		Research and development expenses		1,690,254	2,024,235
		Total expenses by nature		5,481,789	4,465,911
2.1.1		Reconciliation to net profit or loss before tax			
		Total revenue and other income		1,377,594	2,885,001
		Less: Total expenses by nature		(5,481,789)	(4,465,911)
		Net profit before tax		(4,104,195)	(1,580,910)
2.2		Administration expenses			
		Accounting expenses		157,709	144,756
		External consulting fees		81,892	40,000
		Travel expenses		13,898	1,808
		Interest expenses and finance facility costs		58,252	13,365
		Other expenses		150,391	140,577
				462,142	340,506
2.3		Corporate expenses			
		ASX fees		51,545	60,238
		Audit expenses		71,376	66,345
		Filing fees		-	20,505
		Legal expenses		61,444	125,444
		Share Registry and shareholder communications		46,388	22,453
				230,753	294,985

Notes to the preliminary final report

for the year ended 30 June 2023

Note	2	Expenses (cont.)	2023 \$	2022 \$
2.4		Employee benefits expense		
		Directors' fees	106,510	106,000
		Executive services contracts	241,749	212,182
		Wages and salaries – non-R&D	190,589	54,476
		Share-based performance rights: <i>amortisation</i>	437,794	137,842
			976,642	510,500

Note	3	Income tax	Note	2023 \$	2022 \$
3.1		Income tax expense			
		Current tax		-	-
		Deferred tax		-	-
				-	-

Note	4	Financial assets and financial liabilities			
4.1		Cash and cash equivalents		2023 \$	2022 \$
		Cash at bank		358,432	748,050
				358,432	748,050
4.2		Trade and other receivables	Note	2023 \$	2022 \$
4.2.1		<i>Current</i>			
		Trade receivables	4.2.2	1,074,847	1,074,042
		Less: Provision for impairment	4.2.2	(527,784)	-
		Research and Development rebate receivable		1,129,934	984,463
		Less: R&D Rebate Advance Facility Terms		(538,251)	(734,203)
		Net Research and Development rebate receivable		591,683	250,260
		Other receivables		33,590	33,590
				1,172,336	1,357,892

4.2.2 Trade receivables of \$1,055,568 relate to an order from Pacific Health. The Company has provided extended payment term for this order to facilitate entry into markets for its SuprCuvr products and generate cashflows that may facilitate payments and orders in the near future. Under the Agreement with Pacific Health, the principals of Pacific Health have provided personal guarantees that the obligations under the Agreement will be fulfilled. However, due to the uncertainty of the timing of the receipt of the balance of the amounts outstanding, the Company has recognised a provision for impairment of \$527,784 as at 30 June 2023 (30 June 2022: Nil).

4.3		Other assets	Note	2023 \$	2022 \$
4.3.1		<i>Current</i>			
		Prepayments – Raw materials		57,207	88,489
				57,207	88,489

Notes to the preliminary final report

for the year ended 30 June 2023

Note 4 Financial assets and financial liabilities (cont.)

4.4 Trade and other payables	2023	2022
	\$	\$
4.4.1 Current		
<i>Unsecured</i>		
Trade payables	233,664	187,885
Key management personnel related	428,925	325,776
Sundry payables and accrued expenses	102,218	121,066
Net Goods and Services Tax (receivable) / payable	(1,082)	33,006
Commitment Fee payable	300,000	100,000
	1,063,725	767,733
4.4.2 Non-Current		
<i>Unsecured</i>		
Commitment Fee payable	-	200,000
	-	200,000
4.5 Borrowings	2023	2022
	\$	\$
4.5.1 Current		
Leases – motor vehicle	17,752	24,529
	17,752	24,529
4.6 Derivative assets and liabilities	2023	2022
	\$	\$
4.6.1 Financial assets		
Prepaid commitment fee – current	-	502,000
Prepaid commitment fee – non-current	-	335,942
	-	837,942
4.6.2 Derivative liabilities		
LDA Commitment fee liability – current	-	26,500
LDA Commitment fee liability – non-current	-	26,500
	-	53,000

Note 5 Non-financial assets and financial liabilities

5.1 Inventories	2023	2022
	\$	\$
Finished goods	83,845	154,274
	83,845	154,274



Notes to the preliminary final report

for the year ended 30 June 2023

Note 5 Non-financial assets and financial liabilities (cont.)**5.2 Intangible assets**

	2023 \$	2022 \$
<i>SE Formula™</i>	9,859,296	9,859,296
Accumulated amortisation	(2,379,486)	(1,990,482)
	7,479,810	7,868,814
Website development costs	55,410	55,410
Accumulated amortisation	(45,230)	(34,154)
	10,180	21,256
Total intangibles	7,489,990	7,890,070

Note 6 Equity**6.1 Issued capital**

	2023 No.	2022 No.	2023 \$	2022 \$
Fully paid ordinary shares at no par value	543,986,095	407,727,266	24,244,454	22,871,096
6.1.1 Ordinary shares				
At the beginning of the year	407,727,266	379,477,266	22,871,096	20,978,594
Shares issued during the year:				
🌱 06.10.21 Placement		26,250,000		2,100,000
🌱 15.11.21 Collateral Shares allocated for fees		2,000,000		100,000
🌱 26.10.22 Consultancy fees	2,907,631	-	114,849	-
🌱 04.11.22 Placement	30,000,000	-	750,000	-
🌱 31.05.23 Entitlement issue	93,226,979	-	932,270	-
🌱 20.06.23 Shortfall placement	3,971,238	-	39,712	-
🌱 30.06.23 Underwriting fee	6,152,981	-	61,530	-
🌱 Unplaced applications	-	-	26,120	-
Share issue transaction costs	-	-	(551,123)	(307,498)
At end of the year	543,986,095	407,727,266	24,244,454	22,871,096

6.1.2 Treasury shares

	2023 No.	2022 No.
At beginning of the year	25,500,000	27,500,000
🌱 Ordinary shares allocated for fees	-	(2,000,000)
At end of the year	25,500,000	25,500,000

Notes to the preliminary final report

for the year ended 30 June 2023

Note 6 Equity (cont.)

6.2 Options

	2023 No.	2022 No.	2023 \$	2022 \$
Options on issue	197,351,198	26,000,000	335,827	-
6.2.1 Options				
At the beginning of the year	26,000,000	26,000,000	-	-
Options movement during the year:				
04.11.22 Free options issued to Placement shares	30,000,000	-	-	-
17.02.23 Lead manager fee	28,000,000	-	277,827	-
31.05.23 Free options issued to Entitlement shares	93,226,979	-	-	-
20.06.23 Free options issued to shortfall shares	3,971,238	-	-	-
30.06.23 Underwriter fees	6,152,981	-	-	-
30.06.23 Lead manager fee	10,000,000	-	58,000	-
At end of the year	197,351,198	26,000,000	335,827	-

6.3 Performance rights

	2023 No.	2022 No.	2023 \$	2022 \$
Performance rights	209,000,000	209,000,000	666,888	229,094
At the beginning of the year	209,000,000	47,000,000	229,094	91,252
Performance rights movement during the year:				
Issued	-	162,000,000	-	88,204
Amortisation of rights	-	-	437,794	49,638
At reporting date	209,000,000	209,000,000	666,888	229,094

6.4 Reserves

	2023 \$	2022 \$
Share-based payment reserve	1,002,715	229,094
	1,002,715	229,094

Note 7 Share-based payments

	2023 \$	2022 \$
7.1 Share-based payments:		
Recognised in profit and loss (expenses)	443,621	137,842
Recognised in equity (transaction costs)	335,827	-
Gross share-based payments	779,448	137,842



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