

Holista CollTech (ASX:HCT) ends sanitiser collab with Skin Elements (ASX:SKN)

ASX News, Consumer

ASX:SKN MCAP \$11.40M



Elisha Hammond
 Markets Reporter
 elisha.hammond@themarket Herald.com.au
 16 October 2020 19:00



CEO, Rajen Manickavasagar
 Source: The Edge TV

- Skin Elements (SKN) shares were punished on return to quotation this morning, but news that Holista CollTech (HCT) has terminated its term sheet with the company could bring more carnage
- After market close, Holista told shareholders it had cancelled its term sheet with SKN, alleging the consumer stock breached several key conditions in its collaboration agreement
- Back in early April, Skin Elements and Holista teamed up to create a natural, alcohol-free sanitiser
- The product would combine SKN's skin-sensitive anti-microbial formula

with HCT's Path-Away active sanitiser ingredient

- But Holista says SKN defaulted on its end of the deal in June, causing it to cut ties and terminate the agreement
- After being suspended since May, Skin Elements resumed trade this morning, falling 56.3 per cent by Friday's close to trade for 3.5 cents
- Meanwhile, Holista shares have entered a trading halt, priced at 7.6 cents each

Skin Elements (SKN) shares were punished on return to quotation this morning, but news that Holista CollTech (HCT) has terminated its term sheet with the company could bring more carnage.

After market close, Holista told shareholders it had cancelled its term sheet with SKN, alleging the consumer stock breached several key conditions in its collaboration agreement.

The collaboration

Back [in early April](#), Skin Elements and Holista teamed up to create a natural, alcohol-free sanitiser. The product would combine SKN's skin-sensitive anti-microbial formula with HCT's Path-Away active sanitiser ingredient.

The sanitiser, branded as Invisi Shield, was lauded as a "world-first collaboration." Under the term sheet, Holista agreed to ship \$600,000 worth of Path-Away to Skin Elements so it could manufacture the sanitiser.

But in today's announcement, HCT stated that Skin Elements only fulfilled its weekly order and payment obligations until the end of May, 2020.

To date, Holista claims it's provided SKN with \$111,159 in Path-Away product – 18 per cent of the agreed-upon annualised purchase commitment.

However, HCT claims that Skin Elements defaulted on its end of the deal in June, leading the company to cut ties and end the agreement.

What's next?

Skin Elements is yet to respond to HCT's announcement, and it's unclear what the termination means for the company moving forward.

However, in [yesterday's company update](#), Skin Elements told shareholders it had signed a new distribution agreement with Prudential Consultants. Under that contract, both the distributor and SKN are targeting \$2.4 million in sanitiser sales within three years.

"Investors should be aware that these targets are not forecasts and there can be no guarantee that they will be achieved," SKN advised yesterday afternoon.

As a result, today's news could have some bearing on that agreement's future.

After being suspended since May, Skin Elements resumed trade this morning, falling 56.3 per cent by Friday's close to trade for 3.5 cents.

Meanwhile, the news is yet to affect HCT shares – the company entered a trading halt ahead of another announcement concerning product test results in the U.S. Holista shares are currently priced at 7.2 cents per share.