

MARKET RELEASE

SILK delivers strong H1 result; upgrades Prospectus FY forecasts

H1 FY21 Highlights (vs H1 FY20)

- SILK listed on ASX in December 2020, primary raising of \$20.0 million to support expansion and growth objectives
- Reported revenue up 78% to \$30.6 million
- Statutory NPAT up 318% to \$4.8 million
- Network cash sales up 62% to \$44.9 million, with all categories performing in line or above expectations
- Pro forma EBITDA up 166% to \$10.6 million
- Underlying EBITDA up 133% to \$10.3 million
- Clinic network expanded to 56 clinics, with plans for at least a further 4 clinic openings in H2 FY21
- FY21 Prospectus forecasts upgraded, reflecting continued positive momentum in January and a strong outlook for the remainder of FY21

Adelaide, South Australia: 25 February 2021 – SILK Laser Australia Limited (ASX: SLA) ("SILK" or the "Company"), one of Australia's largest non-surgical clinic networks, is pleased to release its financial results for the 6 months ended 31 December 2020 (H1 FY21).

\$M unless stated	H1 FY21	H1 FY20	Var %	% Prospectus FY21 Fcst achieved
Clinic network (#)	56	52		
Network cash sales (ex GST)	44.9	27.7	62%	55%
Reported revenue	30.6	17.2	78%	57%
Pro forma EBITDA	10.6	4.0	166%	76%
Underlying EBITDA	10.3	4.4	133%	76%

Over H1 FY21, SILK delivered a strong operational and financial performance, successfully listing on the Australian Securities Exchange ("ASX") and further progressing its strategic growth objectives. Favourable consumer trends aligned with successful execution of sales campaigns resulted in strong like-for-like growth across SILK's core offerings - laser hair removal, cosmetic injectables, skin treatments, body contouring and skincare products.

Commenting on the H1 FY21 results, SILK Managing Director and Co-Founder, Martin Perelman, said: *"The first half of this financial year has been a busy and highly successful period for SILK, and I am very proud of our first results delivered as a publicly listed company. All of SILK's service categories performed in line or above expectations and the Company is well positioned for a strong second half."*

Strong performance across all categories

- Cosmetic injectables benefited from increased investment in training and marketing, with growth in sales driven by both repeat and new customers; growth also supported by favourable consumer trends as younger demographics increasingly see cosmetic injectables as a part of their regular anti-ageing and beauty routine
- Laser Hair Removal experienced continued strong demand for prepaid package sales; customers increasingly buying packages and gift vouchers online
- Skin benefited from customers opting for higher-value treatments
- Body continues to be a key strategic growth category; significant investment in devices and the addition of a dedicated Category Head to lead education and drive continued growth
- High margin, own-brand skincare products continued to sell strongly with ongoing internal training and broadening the range starting to deliver results

Successful IPO raises \$83.5 million to support expansion and growth objectives

SILK's shares commenced trading on ASX on 15 December 2020, following a successful IPO in which the Company raised \$83.5 million at an offer price of \$3.45 per share, with a primary raise of \$20.0 million. SILK aims to use a portion of the IPO proceeds to execute its growth strategy through:

- Organic growth within existing clinics
- Expansion of the network
- Clinic acquisitions where compelling opportunities present themselves.

The Company will also continue to invest in business intelligence and dashboard tools that have been a key driver of strong clinic performance.

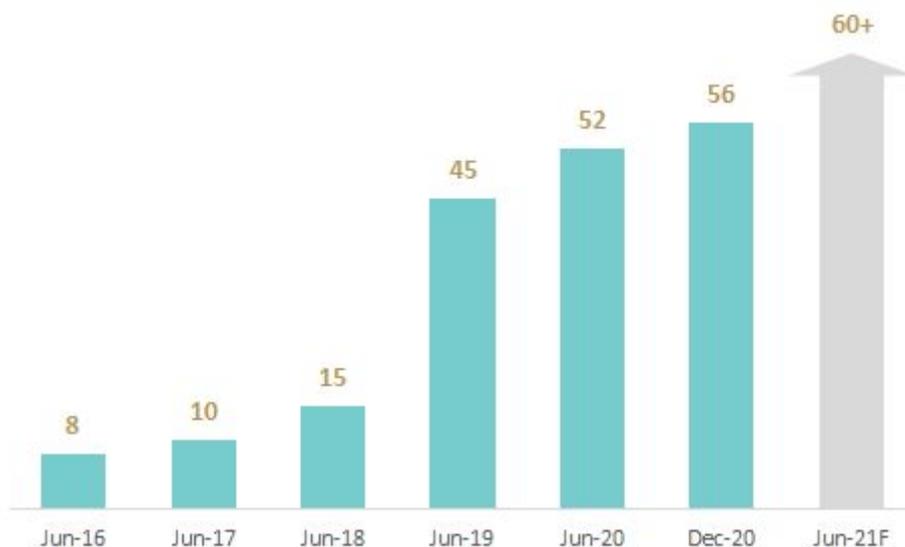
As of 31 December 2020, SILK had net cash of \$25.7 million.

SILK's expanding network plan

SILK opened five new clinics during H1 FY21, bringing the total number of clinics in its network to 56. SILK currently has clinics across all Australian states and territories except Victoria and the Australian Capital Territory (ACT). SILK's newer clinics are experiencing rapid growth, whilst mature clinics are also benefiting from the Company's increased focus on marketing and in-clinic training to drive new customer acquisitions and cross-selling opportunities.

SILK is on track to have in excess of 60 clinics by 30 June 2021 as the Company continues to work towards its network plan for approximately 150 clinics (including franchised clinics). SILK plans to expand into the ACT with its first clinic in the territory due to open in March 2021.

SILK's clinic network:



Impact of COVID-19 restrictions on clinic operations

In response to COVID-19, SILK has developed a detailed plan which can be implemented in the event the Federal government or the State governments order a temporary closure of clinics. This strategy was successfully deployed in South Australia in November 2020, where all clinics closed for three trading days. The performance impact of clinic closures on the H1 FY21 result was offset by a successful online marketing campaign in late-November.

Post balance date in January 2021, SILK closed its clinics in the Greater Brisbane area and across Western Australia for three and five days respectively due to restrictions stipulated by the respective State Governments.

All SILK clinics continue to follow comprehensive safety protocols to support the health and safety of its staff and clients which remains the Company's key priority.

Strong outlook, with FY21 Prospectus forecast upgraded to reflect strong momentum

On the basis that there are no significant disruptions to H2 trading due to COVID-19, SILK has upgraded Prospectus forecasts for FY21:

- Network Cash Sales expected in the range of \$82.0 million and \$86.0 million (vs. Prospectus forecast of \$81.0 million)
- Pro forma EBITDA in the range of \$ 15.0 million and \$16.0 million (vs. Prospectus forecast of \$14.0 million)
- Underlying EBITDA of \$ 14.0 million to \$15.0 million (vs. Prospectus forecast of \$13.5 million).

Investor briefing today at 11am AEDT

SILK is hosting a 1H FY21 results briefing for investors at 11am (AEDT) today, Thursday 25 February 2021. To join the briefing please pre-register via:
<https://s1.c-conf.com/diamondpass/10012125-mhr427.html>.

This announcement has been authorised for release by SILK's Company Secretary, Richard Willson.

—ENDS—

Further information

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About SILK

Founded in 2009, SILK is one of Australia's largest specialist clinic networks, offering a range of non-surgical aesthetic products and services. SILK's five core offerings comprise laser hair removal, cosmetic injectables, skin treatments, body contouring and skincare products. SILK currently has 56 clinics in its network throughout metropolitan and regional Australia, with 39 clinics owned by SILK or operated as a joint venture, and 17 franchised clinics. Visit: www.silk laser.com.au/investors.