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MARKET RELEASE

SILK beats FY22 guidance, continues growth trajectory

Key FY22 highlights (vs FY21):

- Network cash sales up 91% to \$162.7 million
- Reported revenue up 38% to \$81.3 million
- Adjusted EBITDA up 27% to \$22.0 million
- Statutory NPAT up 24% to \$6.4 million
- Adjusted NPAT up 27% to \$9.6 million
- 127 SILK clinics across network at 31 July 2022 (up from 61 at 30 June 2021)
- Strong balance sheet with cash of \$18.6 million, and net debt of \$3.8 million.

Adelaide, South Australia: 30 August 2022 – SILK Laser Australia Limited (ASX: SLA), one of Australia's largest specialist non-surgical aesthetics clinic networks, is pleased to announce its results for the 12 months ended 30 June 2022 (FY22), that saw the company continue to deliver on its growth strategy, increasing clinic numbers to 127, and exceeding FY22 earnings guidance.

Commenting on the Company's FY22 results, SILK Laser Co-Founder and Managing Director Martin Perelman said: "After operating in challenging market conditions this past year, I'm so proud at how hard the SILK team has worked to deliver these robust financial results. We continue to execute against SILK's growth strategy outlined at the time of our IPO, beating EBITDA guidance by 10% while diversifying our service mix with Injectables and Body proving to be our key growth drivers."

Total FY22 total network cash sales was up 91% to \$162.7 million (SILK brand, excluding ASC/TCC, 6% up overall, flat on a like-for-like (LFL) basis). Commenting on the result, Perelman said: "This is a pleasing result based on the 52% LFL growth SILK achieved in the prior year."

Reported revenue grew by 38% to \$81.3 million, adjusted EBITDA was up 27% to \$22.0 million, and adjusted NPAT was up 27% to \$9.6 million.

Diversified service mix: Injectables and Body key growth drivers

The SILK network's client base continues to grow, now at 1.4 million customers, with most booking multiple treatments per appointment (1.7 million treatments performed in FY22). Average customer spend was stable at \$661, as was customer satisfaction with a very high NPS of 80, notwithstanding challenging conditions for our clinic teams. An update on all categories:

- Injectables: The team more than doubled from 90 to 200 – one of largest injectables teams in Australia. SILK introduced new pricing that emphasises packages and improves patient outcomes. The Company also launched PDO threads and was approved as the first day procedure centre in Tasmania, a critical milestone in Australia's evolving regulatory environment.
- Laser Hair Removal and Skin: SILK expanded its skin offering with the roll out of Lumixa, signature facials and Cosmelan. Laser Hair Removal pricing was selectively increased.

- Body: Client numbers grew 86% while growth in treatments delivered increased 164%. More than 160 new body technicians were trained and new pricing and packages were introduced to emphasise multi-area packages and improve patient outcomes.
- Skincare: Own skincare brands (Aesthetic RX etc.) continue to expand online sales both on SLA domains and via Adore Beauty. SILK has integrated Aesthetics Rx skincare into ASC and TCC. The Company acquired Balense skincare range as part of ASC. New ingredients, developed with biotechnology (renewable resources and consistently high quality) are being used to further enhance the ARx range as a sustainable skincare brand.

Perelman said: "I'm pleased to see the take-up by the ASC/TCC network of our skincare products, and our franchise partners enjoying the benefits of our Injectables buying power. Although we have seen a slight reduction in our margin, it's a reflection of our strategy to leverage our scale and support the franchise network."

Stronger digital KPIs following the new SILK website launch

SILK also invested in its digital offering to strengthen its omnichannel experience, as customers have shown a strong appetite for transacting and booking online. Since launching SILK's new e-commerce site in May 2022, online sales are up 43% from 1 May 2022 to 31 July 2022 (vs PCP). Over the same period, abandoned carts were down 24% vs PCP, likely due to improved site useability. The Company is now working to replicate SILK's new website for ASC, which is due for completion in H1 FY23.

Successfully acquired and integrating Australian Skin Clinics / The Cosmetic Clinic, Unique Laser

The initial integration of ASC and TCC has been completed, and included combining management teams, head office support and aligning operations, whilst also building out the senior leadership team. The integration of categories is progressing well with strong early traction in skincare - almost \$1.0 million in SILK's own skincare was sold across ASC and TCC in H2 FY22, from a standing start. Dermaplaning, selected ARx peels and Medipen have also been rolled out across ASC. Injectable offerings have been aligned across the network, while Body continues its roll out. SILK is now working on upgrading the finance, HRIS and POS systems of the combined companies to position for further growth.

Subsequent to the end of FY22, SILK completed the acquisition of Unique Laser which comprised five clinics across Victoria, with one Joint Venture franchised clinic and the remainder traditional franchises. These clinics will be rebranded to ASC in H1 FY23.

Trading update

SILK expects to continue its growth trajectory in FY23. Trading from 1 July 2022 to 28 August 2022 saw a solid start to the new financial year, with like-for-like sales growth of 5%, and the results for July above internal budget. Service mix continues to skew further to Injectables, which is proving to be the strongest and most resilient service category, posting its highest cash month in SILK-only clinics in July.

Strategic price increases, to mitigate cost inflation, were successfully actioned across Injectables and Skincare from 1 July 2022, with no reduction in transaction volume recorded.

SILK's growth strategy remains in line with the IPO plan and the team continues to execute on the near term pathway to reach and exceed the IPO network target of 150 clinics. Investments in upgraded corporate systems are also underway to provide a platform for significant scale. Finance and HRIS will go live in the first half and new data warehouse and POS will go live in the second half, with expected total project spend in FY23 of approximately \$2.5 million.

SILK continues to evaluate both organic growth and various M&A opportunities, including clinic buy-backs, to continue to execute against our previously stated business plan.

Investor briefing today at 10:30am AEST

Martin Perelman (Founder and Managing Director) and Ivan Jacques (Chief Financial Officer) will host an investor briefing at 10:30am AEST today. Following the presentation, participants will have an opportunity to ask questions. To attend the briefing please register at: <https://s1.c-conf.com/diamondpass/10023340-fhs374.html>

—ENDS—

This announcement has been authorised for release by the Board of Directors of SILK Laser Australia Limited.

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About SILK Laser

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.

Visit: www.silklaser.com.au/investors.