SILK
LASER CLINICS

SILK Laser Australia Limited FY22 results

Presented by:

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30 August 2022

Executing IPO plan, beaten guidance

$162.7m
Network cash sales
+91% vs PCP

$81.3m
Reported revenue
+38% vs PCP

$22.0m
Adjusted EBITDA
+27% vs PCP

$9.6m
Adjusted NPAT
+27% vs PCP

$6.4m
Statutory NPAT
+24% vs PCP

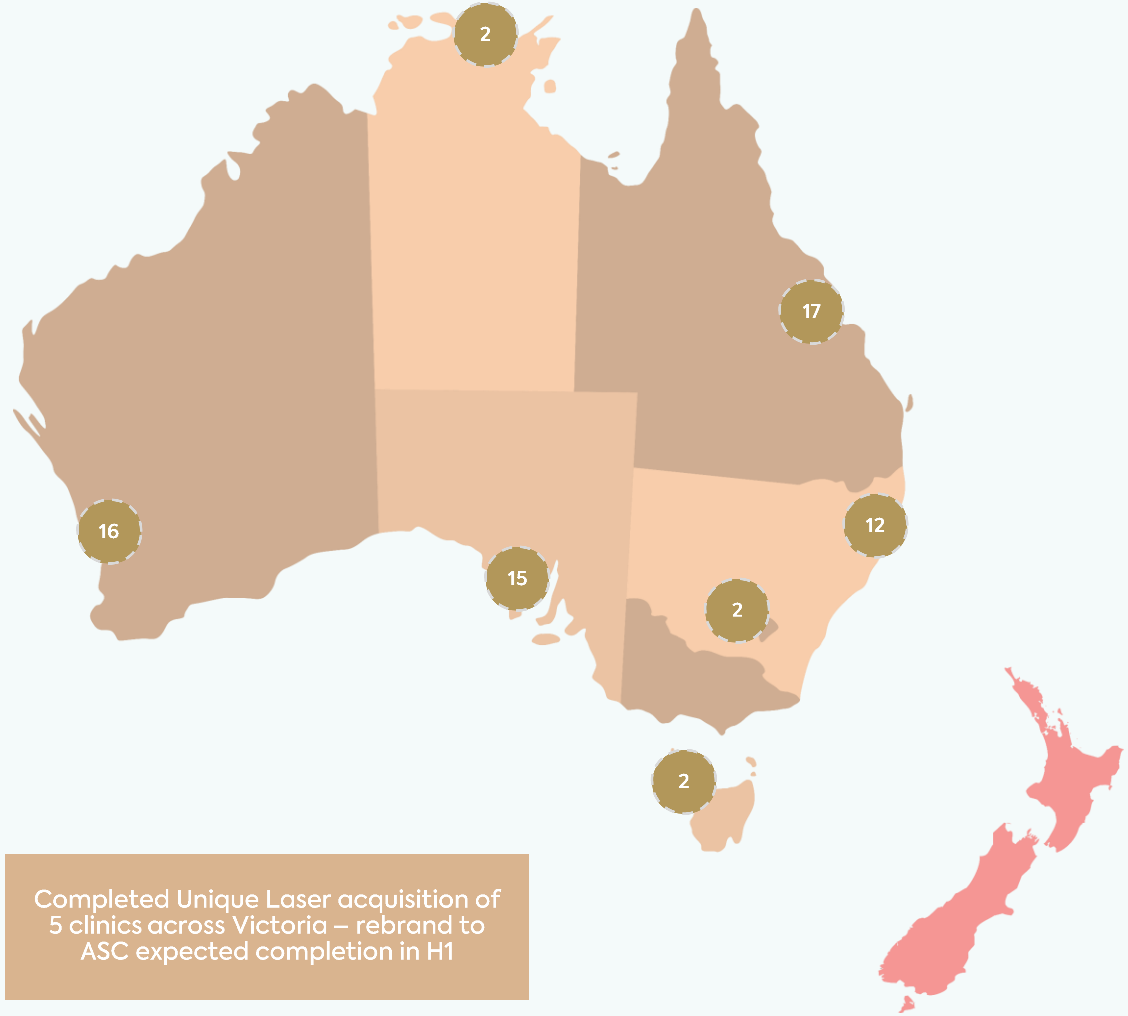
127clinics
+66 clinics since end of FY21 to 31 July 2022

Successfully acquired and integrating ASC + TCC

- Initial integration completed, including combining management teams, head office support and aligning operations
- Category integration progressing well:
  - Strong early traction with $1.0m ARx Skincare + Medipen sold in second half of FY22, from standing start
  - Dermaplaning and selected ARx peels rolled out across ASC
  - Medipen rollout completed in Australia, NZ due for FY23
  - Injectable offerings aligned across ASC and SLA
  - Body rollout continues across network
- Upgrading systems to position for further growth
  - Finance system implementation Q1
  - HRIS system launching Q2
  - POS upgrade underway FY23

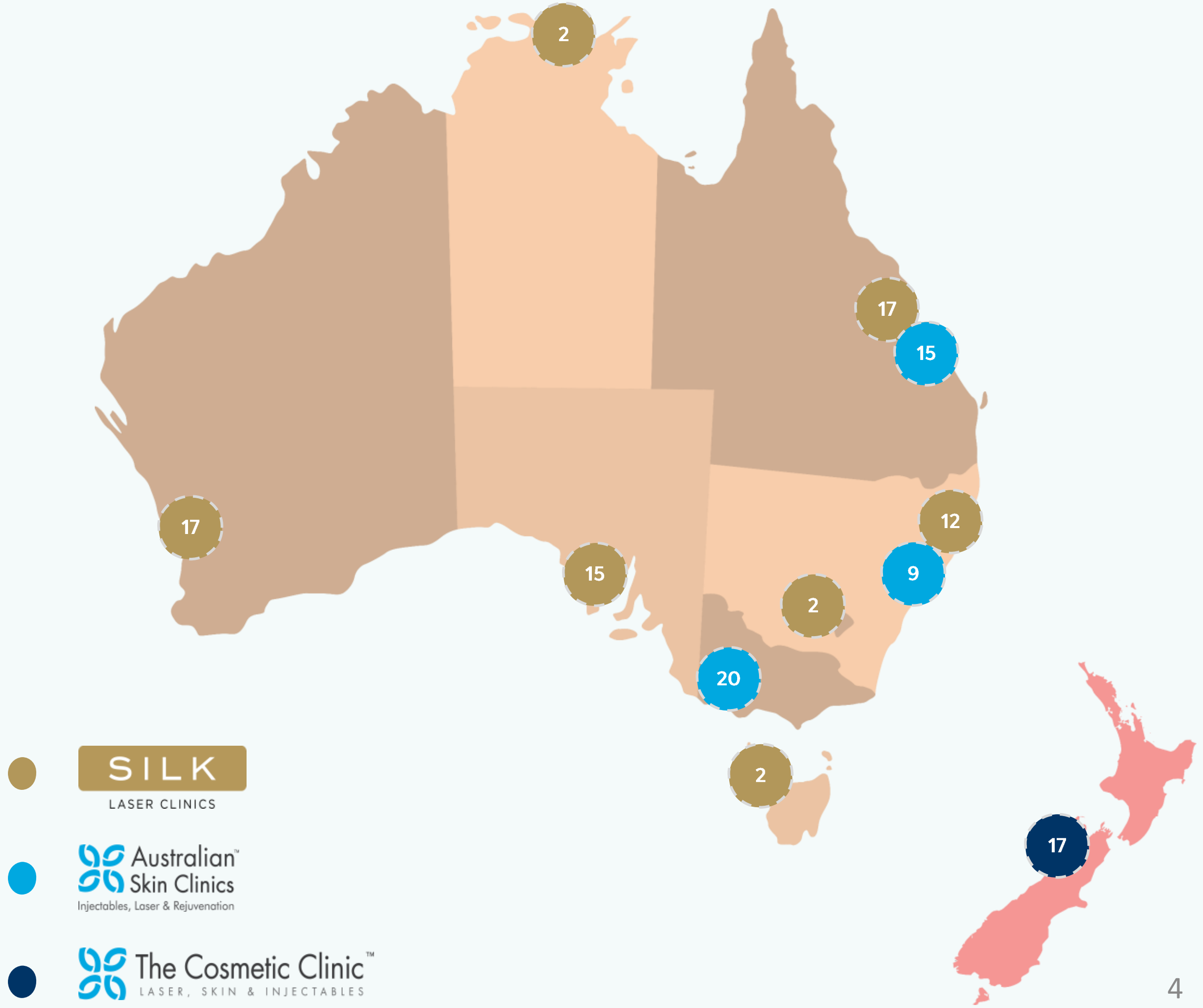
Continued network growth

30 June 2021 – **61 clinics**



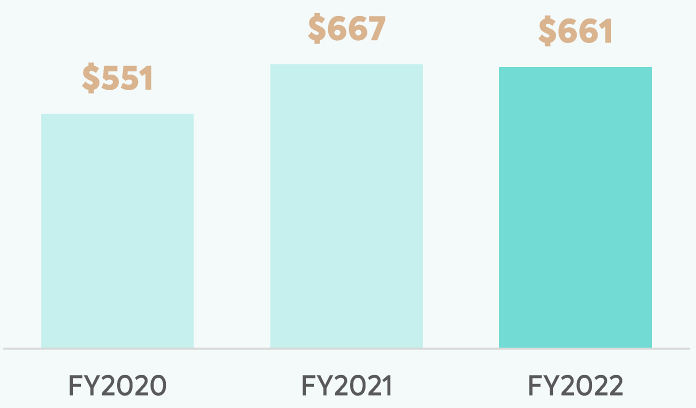
Completed Unique Laser acquisition of 5 clinics across Victoria – rebrand to ASC expected completion in H1

31 July 2022 – **127 clinics**

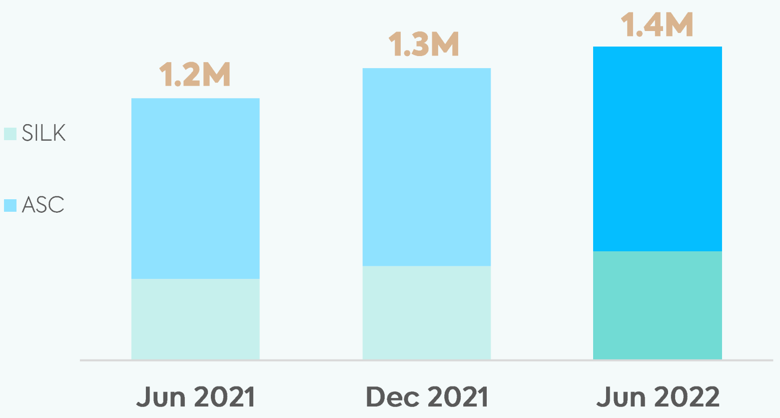


Growing customers and average sales

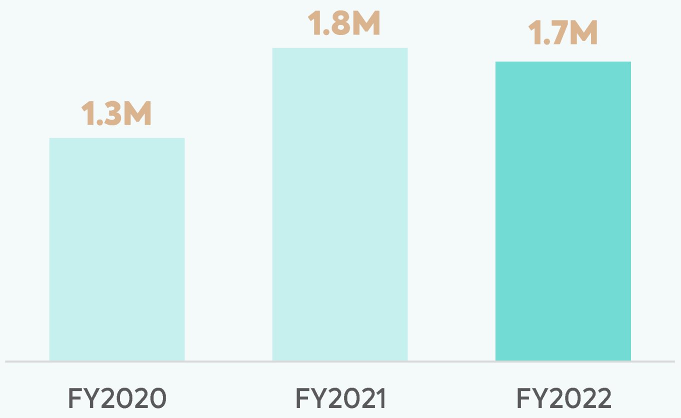
Average customer spend stable



Growing client base



Treatment volumes stable



Strong growth in customer numbers and satisfaction remains high

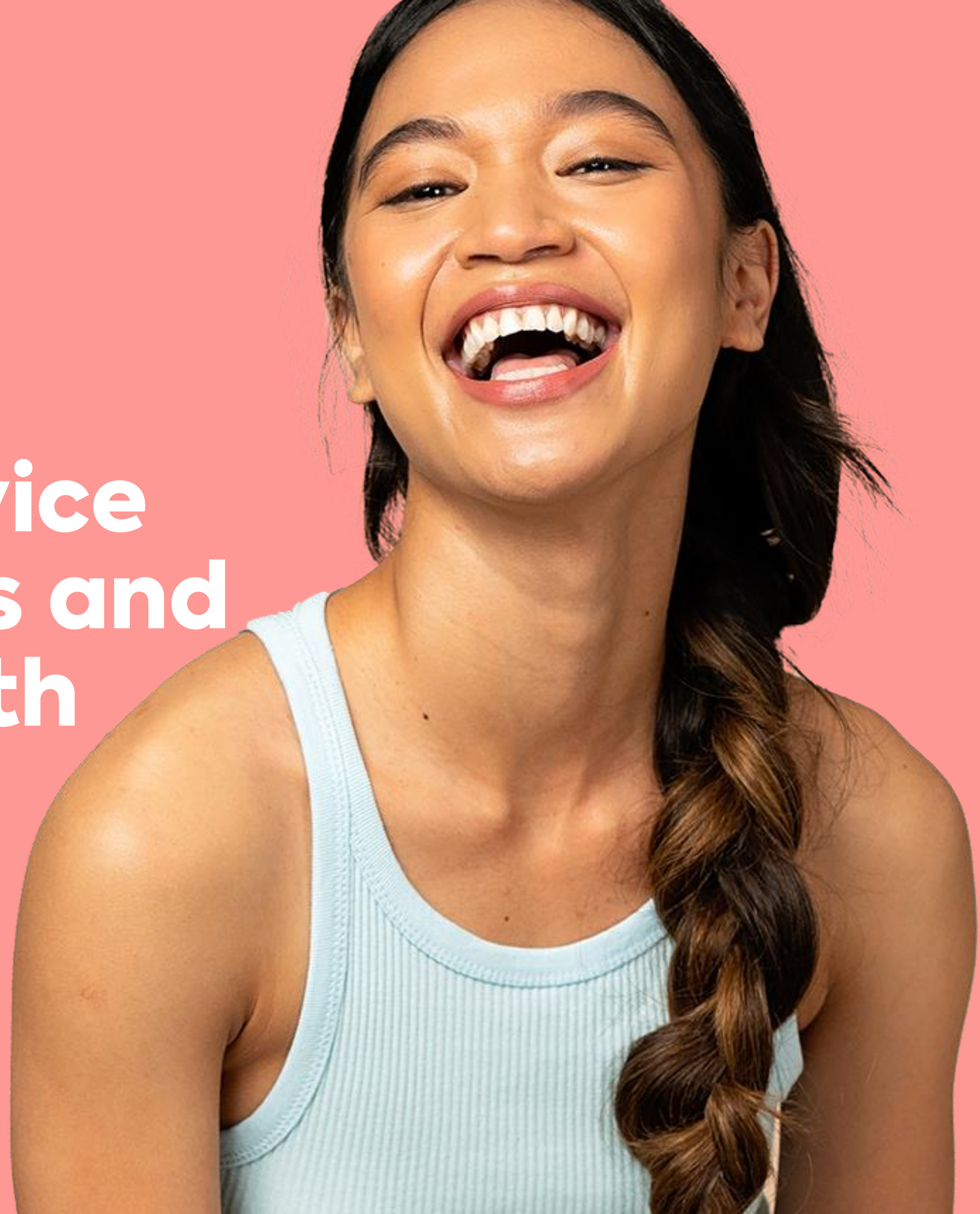
1.4m customers

80 NPS

4.6 Google Review Rating

The above metrics are for SILK & ASC

Diversified service mix: Injectables and Body key growth levers



INJECTABLES

- Injecting team doubled from about 90 to 200 – one of largest injectables groups in Australia & New Zealand
- Introduced new pricing architecture across all brands which emphasises packages, delivers better patient outcomes
- Approved to be 1st day procedure centre in Tasmania, which is critical as the nation potentially adopts regulatory change.

LASER + SKIN

- Consolidation of 3 Operation Manuals into 1 across all 127 clinics
- Improved skin offerings with the roll out of
  - Lumixa
  - Signature facials
  - Cosmelan
  - MesoInfus
- Continued increase in Laser Hair Removal pricing across network
- Implementation of second brand laser hair removal device into network

BODY

- Growth in client numbers of 86%
- Growth in treatments delivered by 164%
- Trained more than 160 new body technicians
- Introduced new pricing to emphasise multi-area packages and improve patient outcomes
- Focus on roll out of devices across ASC and TCC network for FY23

SKINCARE

- Integrated Aesthetics Rx skincare into ASC & TCC
- Launched 3 new retail sunscreens; 1 new back bar sunscreen
- Identified and using new ingredients developed with biotechnology (renewable resources and consistently high quality)
- Closed gaps in Aesthetics Rx range architecture with 5 new retail references
- Built out education function to further train across all 3 brands nationally

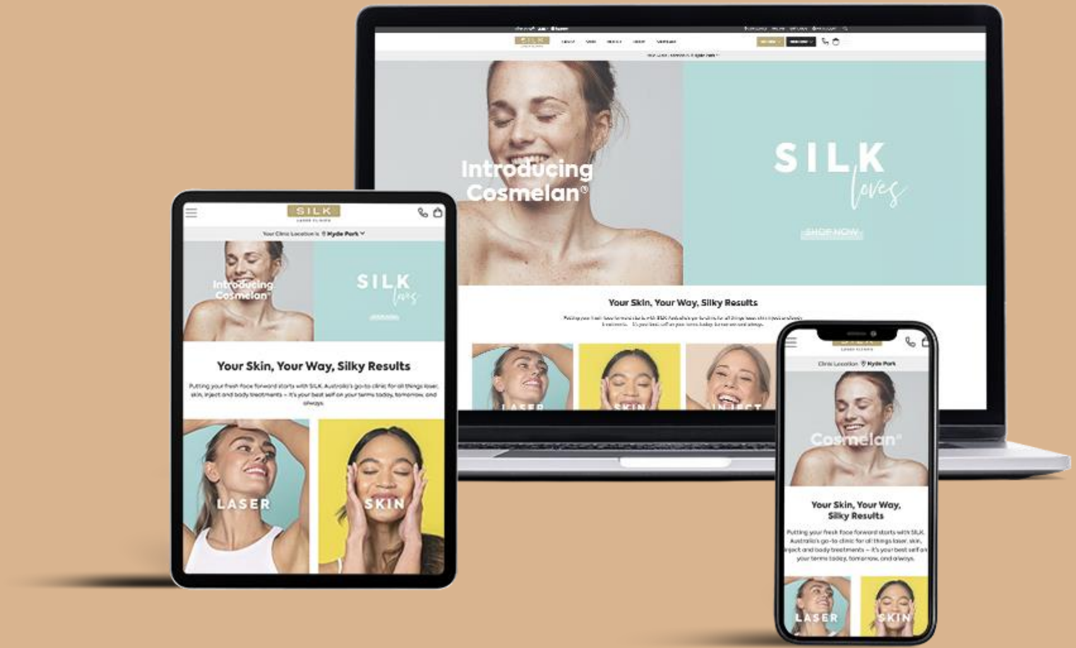
New website driving stronger engagement

Brand NEW look!

New headless eCommerce website launched in May. The emphasis has been to ensure the new site is customer-centric, modern and provides a richer user experience.

The navigation is clear and simple and the online booking and purchasing pathways have been streamlined for clients.

The responsive design is critical for driving online sales and ASC will follow with the same approach.

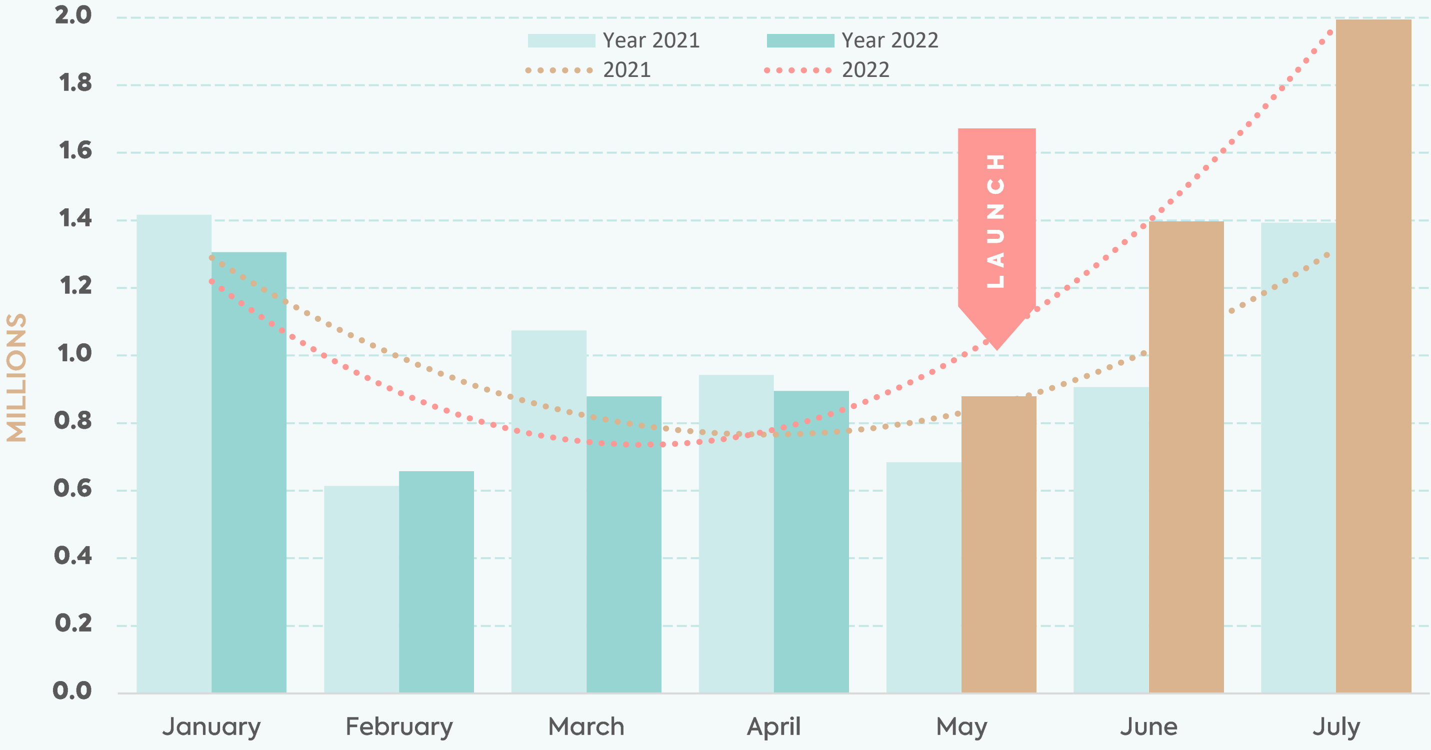


Skincare Online (Click & Collect)

Skincare is now available for purchase on the new website. This means our clients can purchase skincare with their SILK treatments and may choose to Click & Collect or have their products delivered.

We are confident the incremental purchases of clients adding skincare to their cart before finalising payment will achieve a positive uplift in total skincare sales. All skin treatments on the site will have recommended skincare options.

Stronger digital KPIs post new SILK website launch



NEW SILK WEBSITE IMPACT:

- Since launching SILK's new headless e-commerce site in early May, digital KPI's have improved for the 3 months from 1 May 2022 to 31 July 2022 vs PCP, including:
- Online revenue increased 43.1%
- Transaction volume increased 43.3%
- eCommerce conversions up 28.4%
- Abandoned carts down 24%.
- ASC: replicating SILK's new website architecture for ASC for end of H1 FY23 completion.

SKINCARE ONLINE:

- Own skincare brands continue to expand online sales both on SLA domains and via Adore Beauty
- Aesthetics Rx website sales doubled
- Aesthetics Rx online sales via Adore Beauty almost tripled.

Safety and compliance engrained in culture

- Established independent Medical Board which includes three specialist doctors and two specialist nurses to set stringent protocols and cases across the network.
- Australian training infrastructure and organisation has been combined across SILK and ASC , leveraging the strengths of both teams and resulted in complete training teams based in each Australian state
- National adverse event rate across all categories below .05% with all events managed to a positive outcome
- SILK was the first operator licensed as a day procedure centre under Section 9 of the Tasmanian Government Health Service Establishments Act 2006.

"I don't get Emsculpt for cosmetic reasons – it really helps with my posture – it strengthens my core muscles. I've had several abdominal surgeries and find it really hard to workout specific muscle groups. Despite the rising cost of living, these procedures are a necessity for me – it's not just cosmetic. This helps me improve the quality of my everyday life. The SILK team is so supportive of my journey."

Daniel, QLD
Emsculpt

"Getting my injectables every 6 months is a necessity - it makes me feel good. I go to SILK because of Nurse Anna - she's an amazing injector. And, while I'm in the clinic, I get my laser hair removal maintenance done too."

Kristy, NSW

Leading regulatory compliance

- First operator licensed as a day procedure centre under Section 9 of the Tasmanian Government Health Service Establishments Act 2006.
- Over an 18-month period, SILK worked side-by-side with Tasmania Health to obtain our licence.
- Tasmania Health's focus on this regulatory change was around better medical oversight and more thorough poisons management.
- We continue to work closely with all State and Territory Governments as a key stakeholder for regulatory change.

A community of business owners, working to have a positive social impact

60%

Female leadership team

Community minded

Supporting local sporting clubs, schools and organisations

98%

Female Workforce

50%

Female / Male non-executive directors

76% female franchisees

Empowering women in business, but supplementing the network with diversity

Committed to doing better

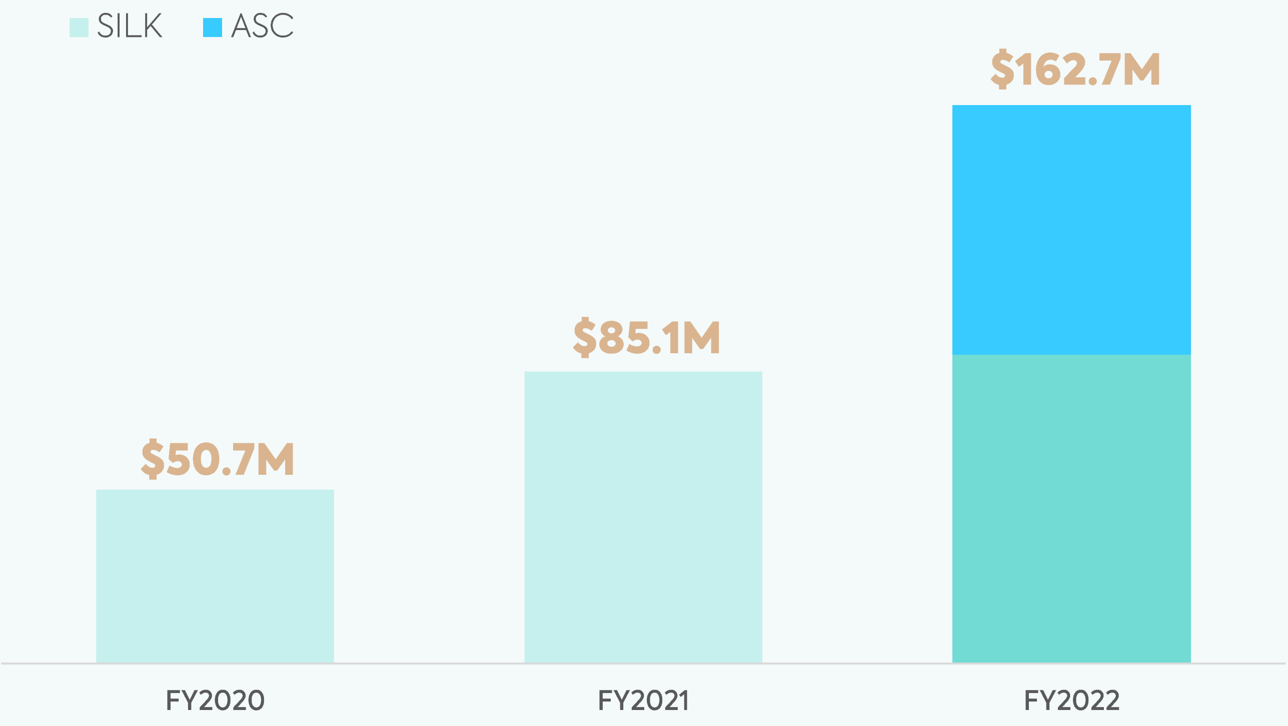
Reviewing areas for further opportunity such social partnerships, diversity metrics and supply chain efficiency

"I am passionate about what I do and I feel fortunate to have a business in an industry that I enjoy. We support other women in our franchise network and in our industry to become the best they can be. SILK and now ASC can take learnings from my and other female business owners' experiences from the early days into the future."

Nurse Cher Zollo
-Franchise Partner, South Australia

Strong performance in challenging market conditions

Robust network cash sales notwithstanding the challenges of COVID



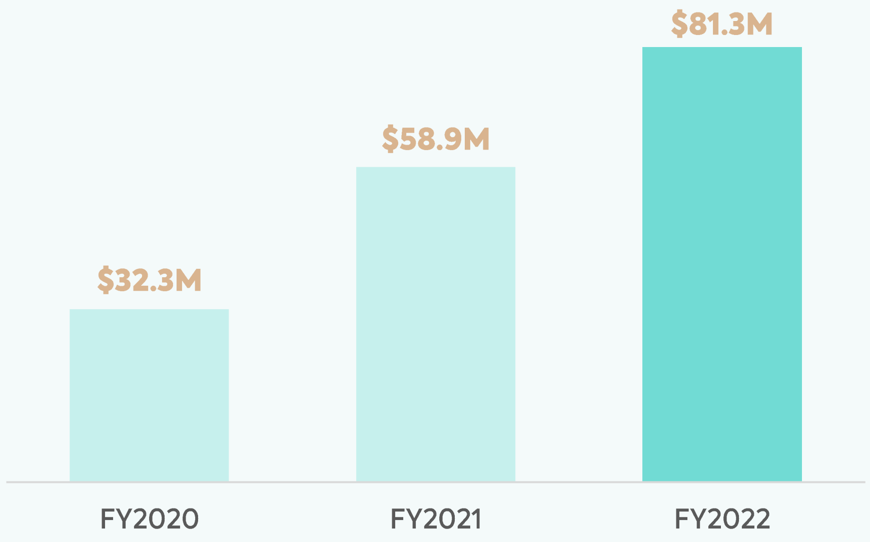
- Overall LFL network cash sales growth of 3%, adjusting for lost trading days.
- SILK network cash sales held firm in a tough environment:
  - Overall sales up 6% to $90.0m
  - LFL held constant (0%), comparing to record 52% LFL growth in FY21, and notwithstanding ongoing challenges of COVID.
- ASC good sales growth versus prior year:
  - LFL growth of 7%, especially strong in New Zealand.
- The Inject category was the standout, continuing to grow month on month across the networks.

	% Trading days lost FY21	% Trading days lost FY22
SILK	1%	6%
ASC*	10%	14%
TOTAL	**5%**	**9%**

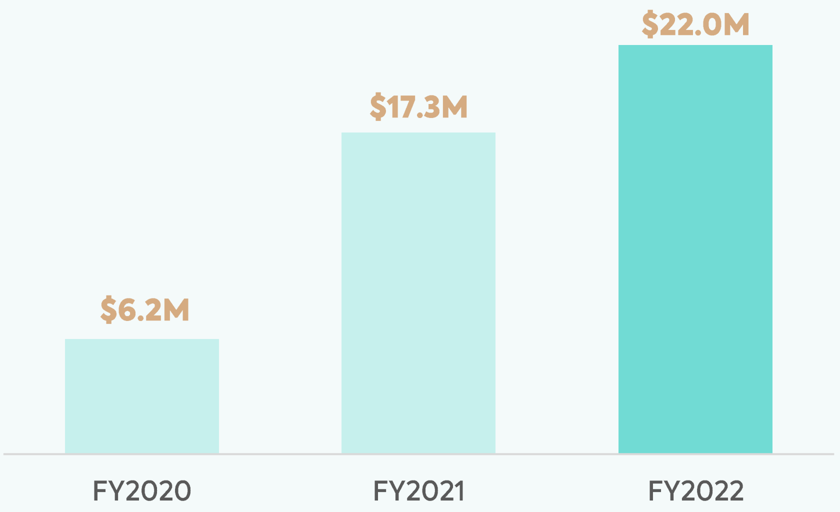
*ASC lost trading days are comparing Sep to Jun year-on-year

Growing revenue and profit by executing IPO strategy

Reported revenue growing year-on-year, CAGR 36%



Sustained growth in adjusted EBITDA, CAGR 53%



- SILK is executing on its growth strategy outlined at the IPO in December 2020
- Sales driven by a combination of strong organic growth (FY21 LFL growth in 52% in network cash sales) and acquisitions, with ASC representing the major milestone, delivering a strong presence on the East Coast and New Zealand
- Growing sales, controlling costs, whilst supporting franchisees and maintaining strong protocols has driven increased profits.

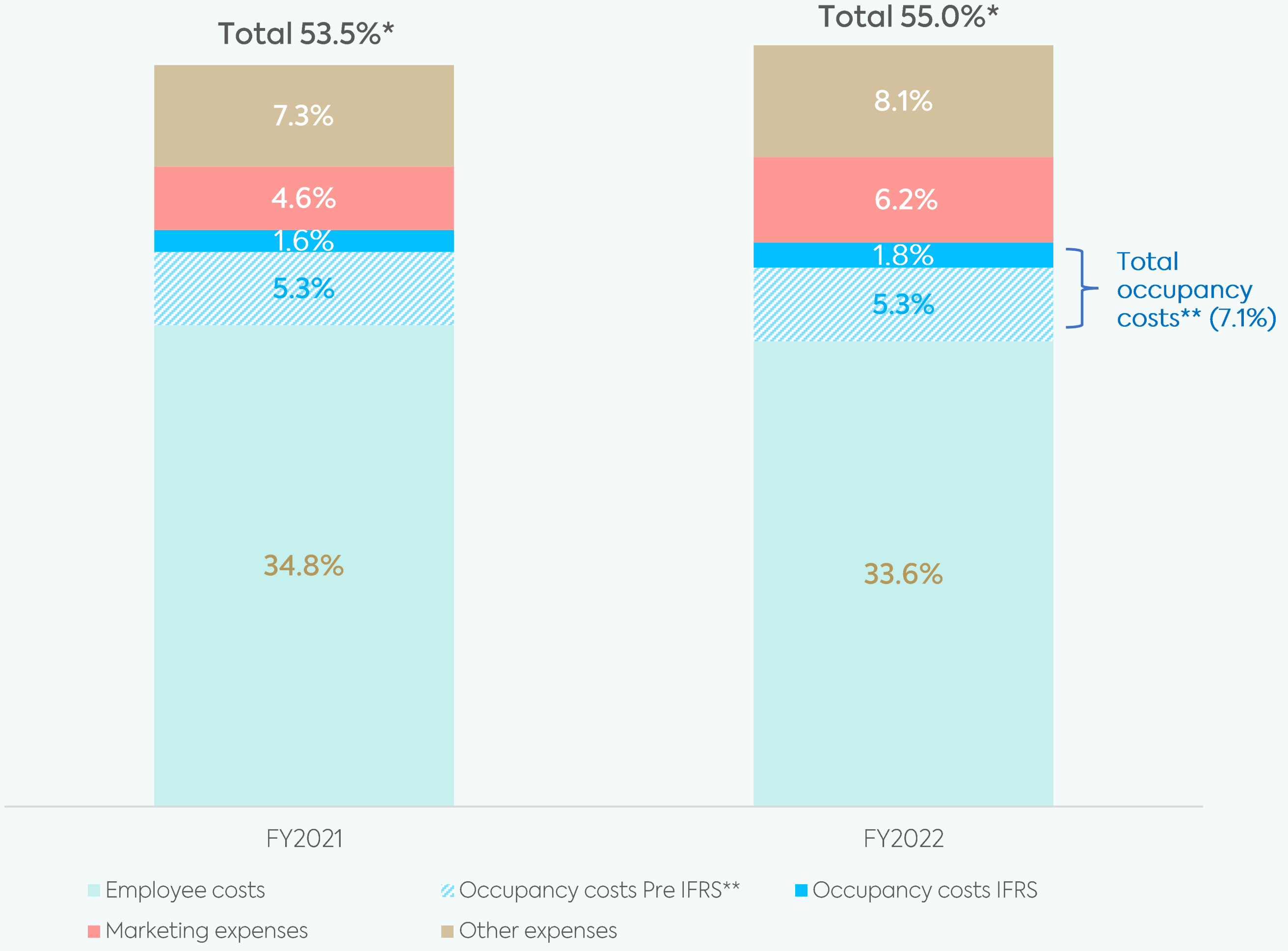
Strong results built on platform of SILK model and successful integration of ASC

- Clinic sales growth momentum continued, with four majority owned new SILK clinics opening and three ASC clinics joining the consolidated group.
- Distribution sales grew even more strongly, reflecting the strategy of selling SILK's proprietary skincare and leveraging its Injectable buying power for the benefit of the whole network.
- Gross margin reduction reflects the change in mix of Trading sales post the ASC acquisition, with Distribution sales (mainly wholesale product), growing by 75% vs PCP driven by good traction into the ASC network. Distribution sales are now c30% of Trading sales.
- Step up in franchise revenues includes $7.3m from ASC, largely franchised network, SILK franchise fees grew 11.5%.
- Adjusted EBITDA grew 27% and comfortably beat market guidance of $20m.
- Adjusted NPAT grew by same percentage; effective tax rate at 30% down from 32.5% in PY.
- Incurred $1.2m on cloud-based systems' investment in the year as we position for growth driven by data driven decision-making.

Profit and loss

$ million	FY2022	FY2021	Change %
Number of clinics EOFY	122	61	+100%
Network cash sales	162.7	85.1	+91%
Clinic sales	50.1	43.2	+16%
Distribution sales	17.6	10.1	+75%
Trading sales	**67.8**	**53.3**	**+27%**
Gross profit	47.0	38.9	+21%
Gross margin %	69.4%	72.9%	–4%
Reported revenue	**81.3**	**58.9**	**+38%**
Including franchise fees	13.6	5.6	+142%
Other income and share of associates	1.8	1.3	+43%
Cost of doing business	40.3	28.4	+42%
CODB as % Reported revenue	49.6%	48.2%	+3%
EBITDA (adjusted)	**22.0**	**17.3**	**+27%**
EBITDA (adjusted) margin	27.1%	29.4%	–8%
EBIT (adjusted)	14.4	11.2	+28%
EBIT margin %	17.7%	19.1%	–7%
Net profit after tax (adjusted)	**9.6**	**7.5**	**+27%**
NPAT margin %	11.8%	12.7%	–7%
Net profit after tax (statutory)	6.4	5.2	+24%
Adjusted Basic EPS (cents)	18.1	17.1	+6%

CODB breakdown as % of reported revenue



* Total CODB % post IFRS is 49.6% for FY2022; 48.2% PCP
** Occupancy costs Pre IFRS added to true up to the full cost incurred in the year

Costs under control in challenging times

- Slight overall lift in CODB as percentage of revenue
- Marketing costs % lift was highest due additional marketing fund (ASC), matched by franchisee contributions, and changed algorithms from major digital platforms.
- Employee costs reduced slightly as %, even though COVID caused some labour inefficiencies and we invested in the HQ team to support growth and enhanced capability.
- Clinic labour is semi variable:
  - Nurses (one third of clinic labour costs) are largely paid on commission as % of sales
  - Technician utilisation metrics were held in line with target metrics.
- Occupancy costs stable year on year, rent costs are rising with some annual increases CPI indexed. Pre IFRS rent costs were $4.6m plus outgoings of $1.0m.
- Other expenses rise mainly due to increased costs in IT, Office (both ASC related), logistics, insurance and travel costs.

Balance sheet

$ million	30 June 2022	30 June 2021
Cash & cash equivalents	18.6	44.7
Trade receivables	5.1	2.8
Other receivables (mainly IFRS 16)	13.3	3.9
Inventories	5.3	3.0
Property, plant & equipment	18.7	18.8
Intangible & other assets	99.5	39.1
Right of use assets (IFRS 16)	10.8	11.4
Total assets	**171.4**	**123.6**
Trade & other payables	11.3	9.7
Contract liabilities	9.8	9.5
Deferred tax and other liabilities	16.3	10.3
Bank debt	22.4	0.6
Lease liabilities (IFRS 16)	22.3	15.8
Total liabilities	**82.1**	**45.9**
Net assets	**89.3**	**77.7**

Strong cash position to support growth

- Cash balance of almost $19m and net debt was $3.8m at end of the year.
- Movement in cash position mainly reflects purchase of ASC on 31 August 2021, including cash payment of $45.9m.
- Retained strong liquidity position with $18.6m cash at bank and $10.5m of debt headroom to draw upon.
- Remained comfortably within bank covenants throughout the year. Facility is not renewable until August 2025.
- Working capital growth reflects increased skincare and injectable sales into the ASC network, likely to grow over the next six months.
- Growth in intangible assets and lease liabilities mainly reflects the ASC acquisition.
- Contract liabilities mainly relate to unearned revenue on prepaid laser and skin treatment packages, with balance of $9.4m at end of year.
- Net assets of $89.3m up $11.6m.

Operating cash flow (pre-tax) remains robust

$m unless stated	FY22	FY21
Adjusted EBITDA	22.0	17.3
Cash flow from operations (pre-tax, grants and interest)	**20.5**	**23.7**
Cash conversion	93%	137%
Tax paid & grants received	(7.8)	0.6
Net interest paid	(0.8)	(0.4)
Cash flow from operations (post tax, grants and interest)	11.9	23.8
Capex (net of disposals)	(3.0)	(8.9)
Loans to Associates (mainly new clinics)	(2.2)	0.0
Other investing activities	1.8	(0.4)
Net cash from investing activities (pre M&A)	**(3.5)**	**(9.3)**
Free cash flow (pre M&A + Systems)	**9.7**	**14.5**
M&A + Systems related investment	(50.1)	(0.3)
Free cash flow (post M&A)	**(40.4)**	**14.2**
Net cash from financing activities	14.3	25.9
Net cash flow	**(26.1)**	**40.1**

- Operating cash flow $20.5m and 93% of EBITDA.
- High tax payments during the year, reflecting catch up due to rapid growth of the group.
- Capex and loans to associates (JV50 clinics) reflect new clinics and continued roll out of body devices across the network.
- M&A related investing relates to ASC acquisition and clinic buybacks including two from ASC network.
- Removing M&A + systems investments, generated almost $10m of Free Cash.

Growth trajectory continuing in FY23

Trading update: New year started on plan

- Solid start to FY23 – LFL up 5%, outperforming internal budget for July
- Strongest growth was in NZ franchised network
- Service mix continues to skew further to inject. Injectables is the strongest and most resilient category, posting highest ever cash month in SILK-only clinics for July; Body continues to grow as planned.
- Strategic price increases mitigating cost inflation across inject and skincare actioned from July 1 – have recorded no reduction in transaction volume.
- Completed Unique Laser acquisition of 5 clinics in complementary locations across Victoria
- Near term pathway to reach and exceed the IPO network target of 150 clinics
- Investments in upgraded corporate systems to provide a platform for significant scale: Finance and HRIS will go live in first half and new data warehouse and POS will go live in the second half, expect total project spend in FY23 approximately $2.5m.
- 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.

SILK Group ($M)	8 weeks to 28 August 2022	8 weeks to 28 August 2021	% change
Group network cash sales (unadjusted)	30.7	21.6	+42%
Group like-for-like cash sales (adjusted for lost trading days)	20.6	19.7	+5%

Summary: Beat guidance and growth continues

- SILK performed strongly in FY22 despite COVID disruptions, growing EBITDA by 28% to $22m and exceeding previous guidance, executing as planned.
- Successfully integrating ASC/TCC with benefits now flowing for the combined group, including strengthened senior leadership team
- Substantial network growth to 127 clinics cements SILK as one of Australia's largest specialist non-surgical aesthetics clinic networks
- High customer engagement and growing customer numbers
- Expanding online presence strengthens omnichannel approach
- Strong balance sheet supports growth strategy
- Solid start to FY23 continues SILK's growth trajectory.

"It's not just about how you look, it's about how you feel. I could've bought a car, diamonds, jewellery, but you take your body everywhere so I want it to look and feel amazing. Working on my body has been just as much of a mental health journey as it has been a physical one. It gives me back my confidence."

Helen, QLD
-Coolsculpting + EMSCULPT client

Appendices

Summary of clinic ownership and accounting

	Corporate 100% SILK owned	Joint Venture SILK majority owned	Associate/ JV 50 50% or less SILK owned	Traditional clinics No SILK ownership	TOTAL
How is economic return captured?	Consolidated in accounts Franchise fees and intercompany sales are eliminated in consolidation 100% consolidated	Consolidated in accounts Franchise fees and intercompany sales are eliminated in consolidation 100% consolidated, with Non-controlling interest removed from the NPAT	Franchise and management fees paid to SILK Margin on sale of Skincare, injectables and other items Equity accounted: share of increase in equity; ASC JV50s are partnerships and share of net profit or loss is included in consolidation	Franchise fees paid to SILK Margin on sale of Skincare, injectables and other items	
How is each type of clinic funded?	100% by SILK SILK currently provides all of the finance	Norm is 75% SILK, 25% with JV partner, but sometimes JV partner has more than 25% SILK may provide vendor loan to JV partner. Loans to the JV75 entity are netted out on consolidation	50/50 with JV partner. SILK may provide equipment finance and may provide vendor loan to JV partner	100% by franchisee SILK does not finance traditional franchisees	
Number of clinics at 30 June 2022: ~ SILK clinics ~ ASC / TCC clinics	 23 1	 12 1	 14 5	 17 49	 66 56
Summary financials ($M) to December 2021 Network sales (Traditionals on cash basis)	 34.4	 15.7	 30.2	 83.8	 164.2
Adjusted EBITDA %	17%	15%	18%	N/A	N/A
Value of SILK's investments in clinics outside the Group (includes loans to JVs and JV partners)	N/A - consolidated	N/A - consolidated	5.4	0.0	5.4

The Network sales above are calculated on a statutory basis for clinics in which clinic has an ownership and cash basis for traditional franchises.

Profit and loss: Summary of non-IFRS adjustments

$000s	Statutory FY 2022	Adjustments FY 2022	Adjusted FY 2022	Statutory FY 2021	Adjustments FY 2021	Adjusted FY 2021
Clinic sales	50,144			43,223		
Distribution sales	17,623			10,080		
Trading Sales	**67,767**		**67,767**	**53,303**		**53,303**
Cost of Sales	(20,745)		(20,745)	(14,440)		(14,440)
Gross Profit from Trading	47,022		47,022	38,863		38,863
Gross Margin %	*69.4%*		*69.4%*	*72.9%*		*72.9%*
Franchise Revenue	13,555		13,555	5,575		5,575
Reported revenue	81,322		81,322	58,878		58,878
Other Income*	1,154		1,154	2,424	(1,952)	472
Share of Profits from Associates	628		628	776		776
Cost of Doing Business**	**(40,349)**		**(40,349)**	**(28,401)**	**0**	**(28,401)**
as % of Reported Revenue	*50%*		*50%*	*48%*		*48%*
IPO Related Expenses	(247)	247	0	(3,633)	3,633	0
Business combination expenses	(2,175)	2,175	0	(1,449)	1,449	0
Systems investment – cloud based	(1,245)	1,245	0	0		
EBITDA	**18,343**	**3,667**	**22,010**	**14,155**	**3,130**	**17,285**
EBITDA (adjusted) margin %	*22.6%*		*27.1%*	*24.0%*		*29.4%*
Depreciation and Amortisation Expenses	(4,755)	861	(3,894)	(3,490)		(3,490)
Depreciation – Right-of-Use Assets (IFRS 16)	(3,698)		(3,698)	(2,586)		(2,586)
EBIT	**9,890**	**4,528**	**14,418**	**8,079**	**3,130**	**11,209**
EBIT margin %	*12.2%*		*17.7%*	*13.7%*		*19.0%*
Net-Finance Income – Loans and Cash	272		272	230		230
Net Finance Costs – IFRS 16 Leases	(1,070)		(1,070)	(672)		(672)
Profit Before Tax	9,092	4,528	13,620	7,637	3,130	10,767
Income Tax Expenses	(2,703)	(1,357)	(4,060)	(2,485)	(810)	(3,295)
Net Profit After Tax	**6,389**	**3,171**	**9,561**	**5,152**	**2,320**	**7,472**

Glossary

Network cash sales

Represents cash sales of all clinics in SILK network, regardless of ownership, exclusive of GST where applicable. Cash sales represents treatments and other items sold and paid for by SILK's clients, rather than treatments performed for SILK's clients (presented net of GST).

Like-for-like growth

Represents the increase in total network clinic cash sales compared with the prior comparable period, based on clinics open for the whole of both periods, adjusted in prior period for days closed due to COVID-19 restrictions.

Reported Revenue

Comprises trading sales and franchise revenue reported in SILK's consolidated financial statements under statutory accounting policies.

Adjusted EBITDA, EBIT and NPAT

Follows statutory accounting and based on a post IFRS 16 basis but makes adjustments for income and expense items of a one-off nature, such as Job keeper, and other government support related to COVID (occurred only in FY21); Business combination expenses, IPO expenses and investment in cloud-based systems.

See Profit and Loss summary in appendix slide above, which sets out all adjustments made.

Headless eCommerce

The separation of the front and backend of an eCommerce application. The front and back-end function independently, allowing increased agility and adaptability.

Net promoter score or NPS

The percentage of clients rating their likelihood to recommend a company, a product or a service to a friend or colleague.

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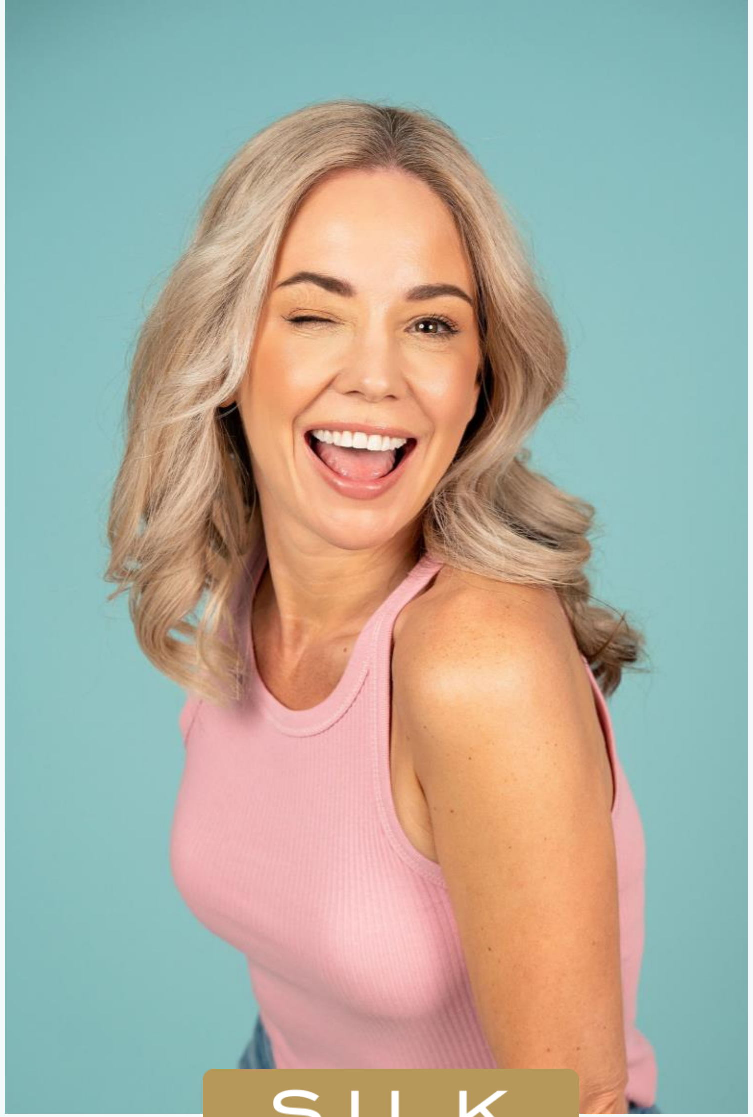

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The information in the presentation is given for informational purposes only, is in summary form and does not purport to be complete. It is intended to be read by a professional analyst audience in conjunction with SILK's other announcements to ASX, including the FY22 Media Release, Appendix 4E and Preliminary Financial Report.

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