SILK
LASER CLINICS

Delivering our growth strategy

2022 ANNUAL REPORT

"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

CONTENTS

Our mission is to provide our clients with skin they love, through innovative treatments and caring teams that allow people to love their skin their way, at a great price point.

SILK provides its franchise partners and clinic teams with the latest technology, exceptional support, and training to ensure they can deliver tailored treatments to each client's unique skin that delivers results.

We want to be known as Australia's leading provider of non-surgical aesthetic treatments, by providing safe, cost effective and innovative solutions across the five categories of laser, injectables, skin care, body contouring and fat reduction and our own brand of skincare products.

Through investing in ongoing innovative solutions across each category, our support centre teams and our franchise and clinic partners we want to achieve our growth targets through organic growth and acquisition. We want to expand our footprint to 150 clinics across Australia and New Zealand, whilst providing a consistent offering.

Our business plan sets out how we will achieve our ambitious growth targets to provide access for more clients to experience the SILK difference.

LET'S TALK ABOUT...

FY22 HIGHLIGHTS

STRONG OPERATIONAL PERFORMANCE

127

SILK CLINICS
+66 clinics since end of FY21 to 31 July 2022

$162.7m

NETWORK CASH SALES
+91% vs PCP

$81.3m

REPORTED REVENUE
+38% vs PCP

"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

BEATEN EBITDA GUIDANCE, EXECUTING IPO PLAN

$9.6m

ADJUSTED NPAT[1]
+27% vs PCP

$6.4m

STATUTORY NPAT
+24% vs PCP

$22.0m

ADJUSTED EBITDA[2]
+27% vs PCP

$18.6m

CASH
Strong balance sheet

$3.8m

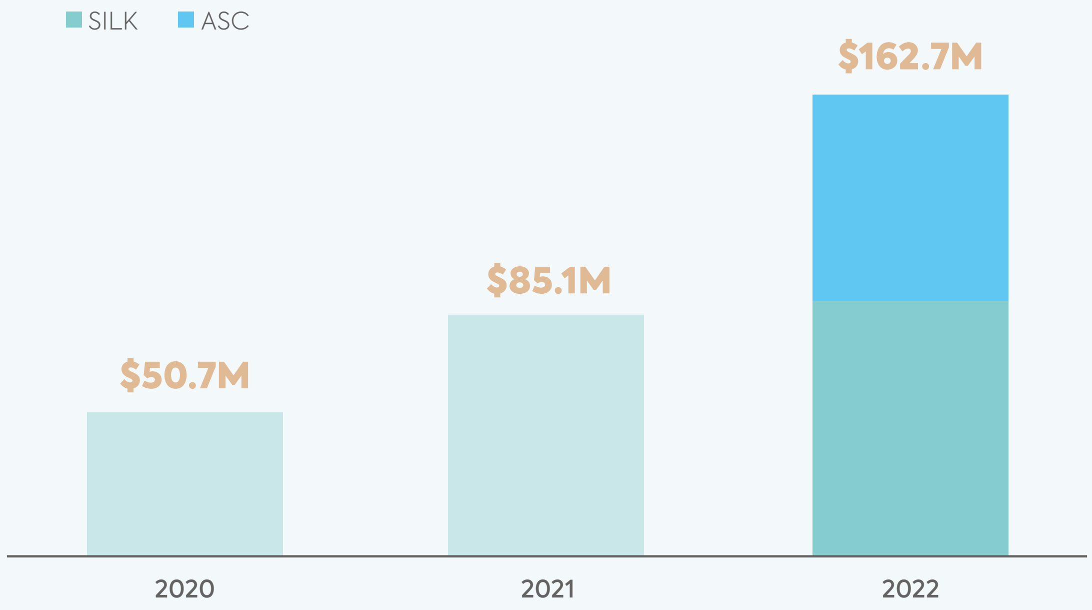
NET DEBT

1. Adjusted for acquisition and other non-recurring expenses.
2. Stated on post IFRS 16 basis and adjusted for acquisition and other non-recurring expenses.

LET'S TALK ABOUT...

FY22 FINANCIAL PERFORMANCE HIGHLIGHTS

ROBUST NETWORK CASH SALES NOTWITHSTANDING THE CHALLENGES OF COVID-19

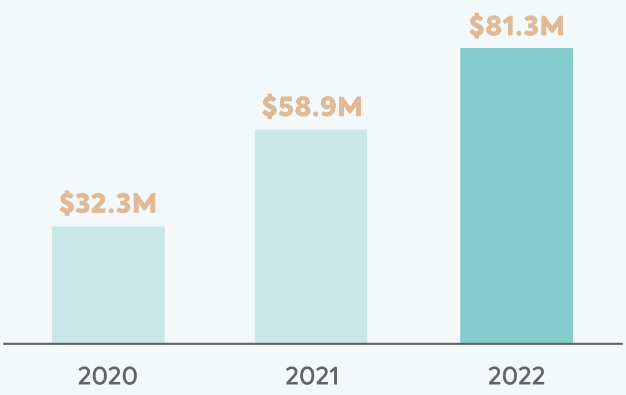


Achieved overall LFL network cash sales growth of 3% in FY22, adjusting for lost trading days.

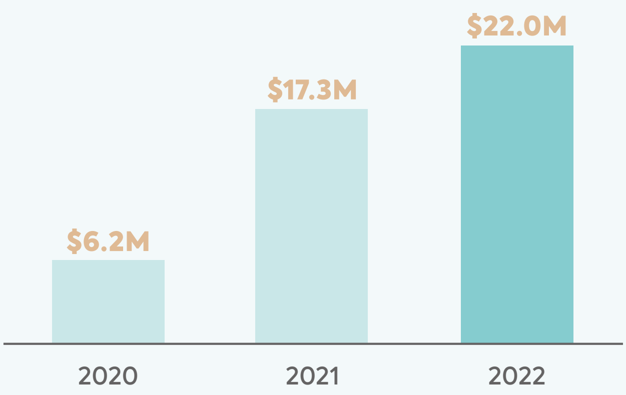
Client receiving laser hair removal treatment.

GROWING REVENUE AND PROFIT BY EXECUTING IPO STRATEGY

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



Sustained growth in adjusted EBITDA[1], CAGR 53%



Growing sales, controlling costs, whilst supporting franchisees and maintaining strong protocols has driven increased profits.

1. Stated on post IFRS 16 basis and adjusted for acquisition and other non-recurring expenses.

CHAIR'S LETTER

"I'm pleased to report that SILK beat adjusted EBITDA guidance by 10% in FY22 and continued to deliver on its growth plan."

Dear Shareholders,

I'm delighted to provide you with an overview of the 12 months to 30 June 2022 (FY22) for SILK Laser Australia Limited.

There is no doubt that it has been a challenging time for the business, trading through the uncertainty of COVID and the economy, as well as inflationary and staffing pressures. However, despite that, the business continued to perform and demonstrate its resilience and focus on providing a great service to its customers.

SILK is one of Australia and New Zealand's largest specialist clinic networks, offering a range of non-surgical aesthetic products and services across laser hair removal, cosmetic injectables, skin treatments, body contouring and skincare products. The network is a combination of owned and franchised clinics, providing us with flexibility and the opportunity to share ownership with a talented group of franchise partners.

I'm pleased to report that SILK beat adjusted EBITDA guidance by 10% in FY22 and continued to deliver on its growth plan, set out at IPO, increasing clinic numbers through its acquisition of Australian Skin Clinics (ASC), The Cosmetic Clinic (TCC) in New Zealand and Unique Laser in Victoria, as well as through selective new clinic openings, took the total clinic network to 127 at 31 July 2022. This accomplishment continues to demonstrate SILK's capability to meet its strategic and financial targets whilst continuing to deliver long-term value for shareholders.

↑ **$162.7m**

NETWORK CASH SALES

Up 91%

↑ **$81.3m**

REPORTED REVENUE

Grew 38%

Total FY22 network cash sales was up 91% to $162.7 million (SILK brand up 6% overall, flat on a like-for-like (LFL) basis excluding ASC/TCC). This is a pleasing result based on the 52% LFL growth SILK achieved in the prior year. Reported revenue grew 38% to $81.3 million, adjusted EBITDA was up 27% to $22.0 million, and adjusted NPAT was up 27% to $9.6 million. Statutory NPAT was up 24% to $6.4 million.

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 network target set out at IPO of 150 clinics.

I would like to thank our Managing Director Martin Perelman, our leadership group, all of our dedicated staff, joint venture partners, franchisee partners, customers, and my fellow Directors for their commitment and hard work in delivering these results and positioning the company for continued growth.

I'd also like to thank our shareholders for their continued support and investment in SILK.

Yours sincerely,

Boris Bosnich
Chair

"The team continues to execute on the near-term pathway to reach and exceed the network target set out at IPO of 150 clinics."

$9.6m

ADJUSTED NPAT
Up 27%

MANAGING DIRECTOR'S LETTER

"SILK has achieved substantial network growth to 127 clinics by 31 July 2022, cementing SILK as one of Australia's largest specialist non-surgical aesthetics clinic networks."

Dear Shareholders,

I'm so proud of the SILK team, our staff and franchise partners, who have worked so hard to deliver these robust FY22 financial results in extremely challenging market conditions. They have done a tremendous job, keeping our customers happy and growing our business.

SILK performed strongly in FY22 despite COVID disruptions, growing EBITDA by 27% to $22 million and exceeding previous guidance, executing as planned, whilst diversifying our service mix with Injectables and Body proving to be our key growth drivers.

Our industry is undergoing consolidation – a movement we have led with the acquisition and successful integration of the ASC, TCC and Unique Laser brands. We have successfully integrated ASC/TCC with benefits now flowing for the combined group, including a strengthened senior leadership team. SILK continues to evaluate both organic growth and various M&A opportunities, including clinic buy-backs, to further execute against our previously stated business plan.

SILK continues to work closely with all State and Territory Governments as a key stakeholder for regulatory change. I'm delighted to announce we were the first operator licensed as a day procedure centre in Tasmania, under section 9 of the *Health Service Establishments Act 2006* (the Act). We also continued to expand our independent Medical Board that includes three specialist doctors and two specialist nurses to set stringent protocols across SILK's network.

80

NPS

This year has seen the expansion and enhancement of our leadership team to help drive growth, underpinned by a strong sense of belonging and accountability across the business, and to continue to nurture a supportive and inspiring culture.

SILK has achieved substantial network growth to 127 clinics by 31 July 2022, cementing our position as one of Australia's largest specialist non-surgical aesthetics clinic networks. This has grown from 61 clinics, supported by the ASC acquisition which brought 55 clinics to the Group, including 14 in New Zealand, plus a further 5 clinics were added in July 2022 with the acquisition of Unique Laser, which will be rebranded to ASC. I am delighted with the engagement so far with our new franchisees and they seem to be really enjoying the interactions and support that we are providing. We look forward to improving and growing their businesses together.

Across the network, we continue to drive high customer engagement and growing customer numbers. The SILK network's client base continues to grow, with 1.7 million treatments performed in FY22 and average customer spend per year remaining strong at $661. Customer satisfaction remains very high with an NPS of 80, notwithstanding challenging conditions for our clinic teams. Focussing on providing great results and enhancing our customers' sense of wellbeing and self-confidence is critical to what we do.

Launching a beautiful new website, SILK has expanded its online presence and strengthened its omnichannel approach. Since launching SILK's new headless e-commerce site in early May, digital KPIs 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 increased 28.4%
- Abandoned carts decreased 24%.

We are working to replicate the new website architecture for ASC by the end of the first half of FY23. We are excited about launching this for the benefit of our customers and franchise partners.

SILK has recorded a solid start to FY23, continuing our growth trajectory. Trading from 1 July 2022 to 28 August 2022 saw continuing momentum, with like-for-like sales growth of 5% across the group, and the results for July were above internal budget targets. Service mix continues to skew further to Injectables, which is proving to be the strongest and most resilient service category, posting its highest-ever sales month in SILK branded clinics in July 2022. Additionally, 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.

I would like to thank our investors for their ongoing support. Operating with a strong balance sheet that supports our growth strategy, I'm excited by the opportunities I see for our business in FY23 and beyond as SILK continues to consolidate its leadership position in the growing aesthetics market.

Yours sincerely,

Martin Perelman
Managing Director and Co-founder

1.7m
TRANSACTION VOLUME

4.6
GOOGLE REVIEW RATING

BOARD OF DIRECTORS

Boris Bosnich

Chairman and Independent Non-Executive Director

Boris joined SILK in 2015 as a director and chairman. Following a 15-year career with a global logistics organisation, Boris jointly established Challenge Recruitment in 2001. It became one of Australia's largest privately held recruitment companies and Boris sold his interest in the business in 2008 as part of an initial public offering and listing on ASX. Boris is also chairman of Orthopaedics SA and Kid Sense Child Development. Boris holds various directorships and provides advisory services to a number of growth orientated small and medium enterprises and start-up companies in the United States and Australia and is currently managing a range of venture development projects and capital raisings to accelerate growth strategy execution. These businesses span a diverse range of industries such as enviro-tech, manufacturing, retail and the health and wellbeing sector. Boris is a member of the Australian Institute of Company Directors and an Adjunct Industry Fellow at the University of South Australia.

Jacinta Caithness

Independent Non-Executive Director

Jacinta has over 20 years' experience in the retail industry and has worked with some of Australia's leading brands. She developed the franchise strategy and recruitment methodology for Boost Juice and Salsas at Retail Zoo, appointing over 160 franchisees within the domestic network over a 5-year period. Later, as CEO International and Board Member, she expanded the Boost business globally with the appointment of 18 Master Franchisees across 36 countries on 5 continents.

Jacinta's achievements have been recognised independently with several awards – including AFR Boss Young Executive of the Year and Telstra Young Businesswoman of the Year. She is an experienced Non-Executive Director having served on the board of Ventura Bus Lines since 2016 and is currently on the Advisory Board of Schnitz and Empty Esky.

Martin Perelman

Managing Director and Co-founder

Martin has been a director of SILK since 2009. Martin is a co-founder and the Chief Executive Officer (CEO) of SILK. Having worked in various national sales roles in the retail industry, Martin has acquired the relevant skills required to successfully lead a growing business, including sound financial management, brand development, innovative sales and marketing strategies and team leadership. Martin is passionate about identifying new growth opportunities for the business, while protecting and maintaining brand credibility.

Sinead Ryan

Independent Non-Executive Director

Sinead joined SILK in 2020 as a director. Sinead has over 25 years' experience with roles including company director and CEO. Sinead has held several strategic executive roles leading and driving sustainable business growth and has in-depth experience in the childcare, retail and energy sectors. Sinead has extensive experience in leading large transformational programs, specialising in M&A from due diligence through to integration. Sinead previously led large global transformation programs with EY and Deloitte.

Andrew Cosh

Independent Non-Executive Director

Andrew joined SILK in 2015 as a director. Andrew is the Principal and CEO of Kilara Capital, an investment and funds management business focused on delivering impact investment opportunities within the food and agriculture sector in Australia and New Zealand. He is also Co-principal of 'Clearwater', a private family office operated with his wife Claire. From 2010 to 2017, Andrew was Managing Director of Colindale Group. Prior to his current investment and asset management activities, Andrew held senior executive roles at Ernst & Young, Minter Ellison and international agribusiness trading group, Michell Australia. Andrew is a member of the Australian Institute of Company Directors. In addition, he currently serves as a director on two private company boards in Australia and is also a director of Heart Foundation SA.

Richard Willson

Company Secretary

Richard Willson is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors.

He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), PNX Metals Limited (ASX:PNX), MedTEC Holdings Ltd, Unity Housing Company Ltd and Company Secretary of a number of ASX Listed Companies.

Richard is the Chairman of the Audit Committee of Titomic Limited, AusTin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

BUSINESS OVERVIEW

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 cosmetic injectables clinic approved as a day procedure centre in Tasmania, a critical milestone in Australia's evolving regulatory environment.

Laser 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.

SILK is 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.

SUCCESSFULLY ACQUIRED AND INTEGRATING AUSTRALIAN SKIN CLINICS / THE COSMETIC CLINIC (NZ), 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 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.

LEADER IN SAFETY AND REGULATORY COMPLIANCE

SILK continues to champion regulatory compliance throughout our industry. This year the Company was the 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 closely with Tasmania Health to obtain its licence. Tasmania Health's focus on this regulatory change was around better medical oversight and more thorough poisons management.

SILK has also established an independent Medical Board which includes three specialist doctors and two specialist nurses to set stringent protocols and cases across the network.

The Company's 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 and Territory.

SILK's national adverse event rate across all categories was below .05%, with all such events managed to a positive outcome.

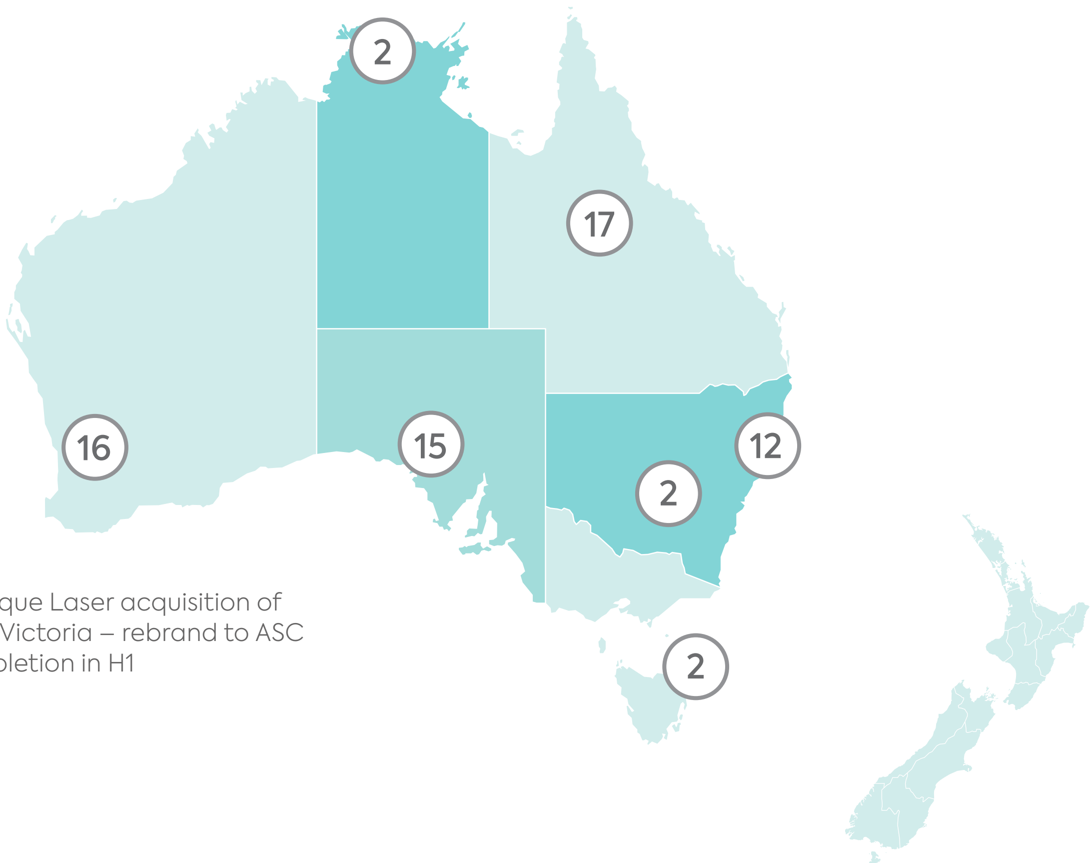
LET'S TALK ABOUT...

BUILDING SUCCESSFUL PARTNERSHIPS WITH OUR FRANCHISEES

SILK continues to be one of Australia's largest specialist non-surgical aesthetics clinic networks.

Throughout FY22, the company delivered on its growth strategy at 31 July 2022, increasing clinic numbers to 127, and exceeding FY22 earnings guidance. This is especially significant considering the challenging market conditions the business navigated over this period.

30 June 2021
61 clinics



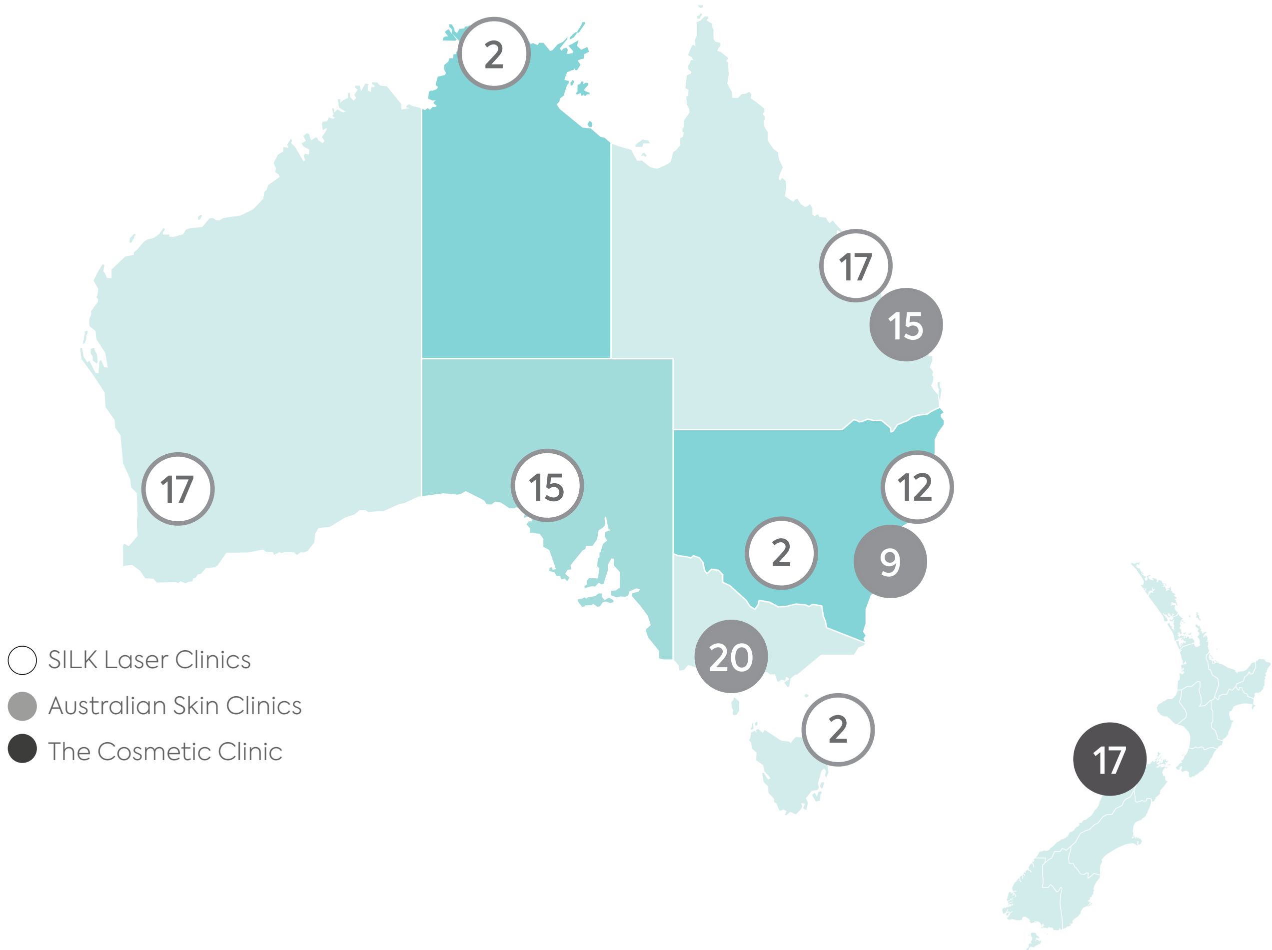
Completed Unique Laser acquisition of 5 clinics across Victoria – rebrand to ASC expected completion in H1

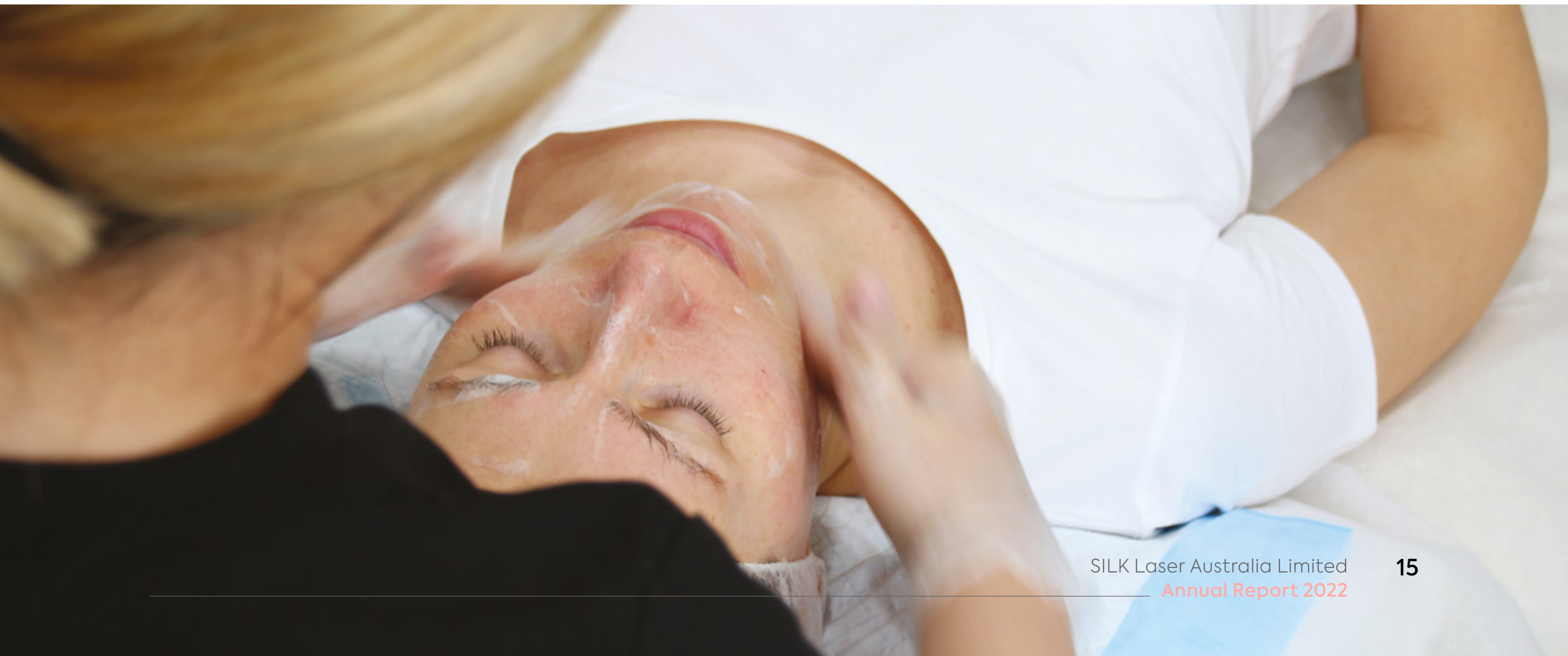
"We continuously up-skill ourselves with the latest and most advanced treatments and technology so we can keep our staff engaged but also make our clients comfortable and confident in their own skin."

Sarah Debono
Franchise Partner QLD

CONTINUED NETWORK GROWTH

31 July 2022
127 clinics

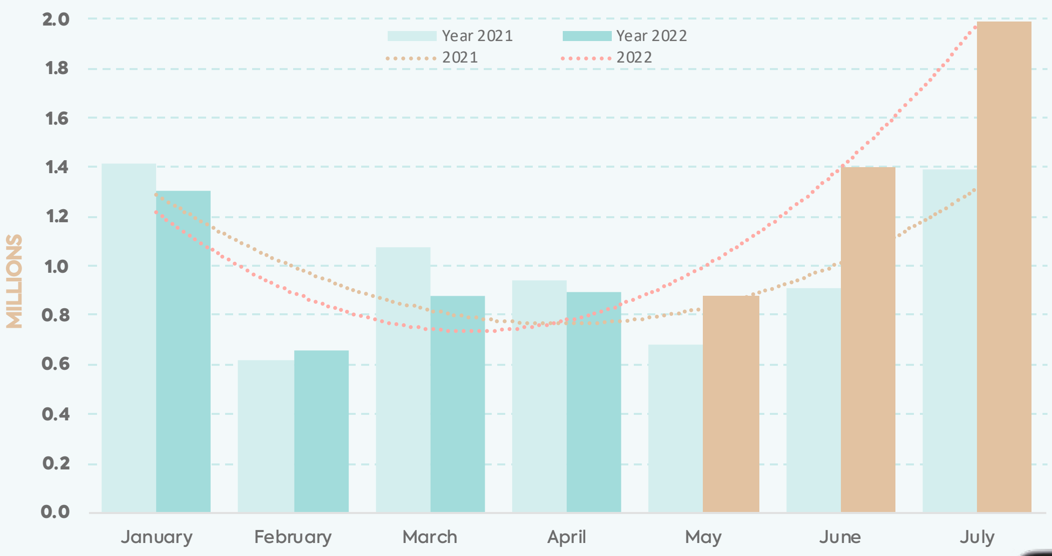




DIGITAL ENGAGEMENT

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 treatments 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.

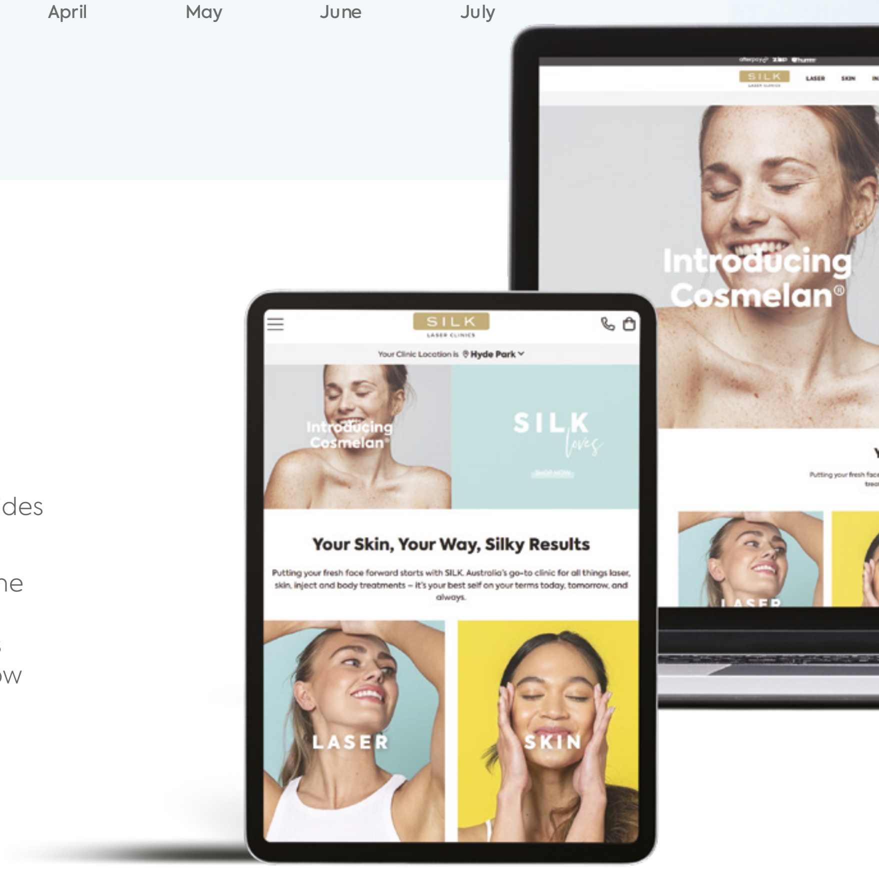


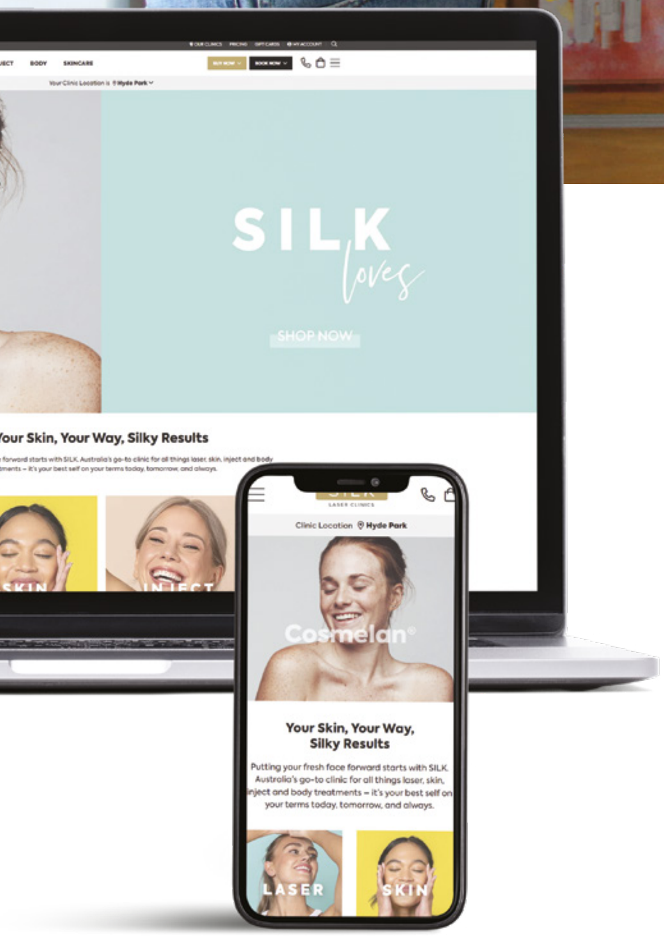
NEW WEBSITE DRIVING STRONGER ENGAGEMENT

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.

PEOPLE AND CULTURE

With a year of acquisition and alignment, there has continued to be a high focus on the team.

We have invested into the HR function ensuring we become a true business partner to the clinic and support teams. We have improved and aligned end to end talent management as well as updating and amending policy documents to grow in line with network growth.

Recruitment and the want to attract and retain elite talent is top of mind, which has tested us to rethink how we recruit including looking offshore. Our training focus will continue to make certain our skills remain best in class.

This year we will continue to advance and develop our employee value proposition with a heavy focus on improving skills, capabilities, and experience that our team brings. This will add further worth to the already highly motivated culture and at the same time future proofing team retention.

Due to our rapid growth, we have implemented numerous strategies around salary banding, incentives, and talent assessment. This strong focus on succession for the future will allow the business to grow and look to the future with a positive outlook.

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

Committed to doing better

We are a community of business owners working to have a social impact. 60% of our leadership team are female, with a 50/50 split of non-executive directors being female/male. We empower women in business through franchise ownership but are supplementing the network with diversity. 76% of our franchise partners are female.

Our services are mainly used by women, and as a result our clinic teams also remain 98% female. SILK's Aesthetics Rx skincare range continues to invest in developing advanced, scientific formulas and our mantra has always been vegan and cruelty free.

We are committed to doing better, and we are reviewing areas for further opportunity such as social partnerships, diversity metrics and supply chain efficiency. We are also committed to partnering with landlords and suppliers that have appropriate sustainable practices.

98%
FEMALE WORKFORCE

60%
FEMALE LEADERSHIP TEAM

50%
FEMALE / MALE NON-EXECUTIVE DIRECTORS

76%
FEMALE FRANCHISES

"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

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'SILK') consisting of SILK Laser Australia Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The Directors have been in office for the period from 1 July 2022 unless otherwise indicated.

Name	Role	Status	Appointed
Martin Perelman	Managing Director & CEO	Not Independent	
Boris Bosnich	Chairman & Non-Executive Director	Independent	
Sinead Ryan	Non-Executive Director	Independent	
Jacinta Caithness	Non-Executive Director	Independent	27 April 2022
Andrew Cosh	Non-Executive Director	Independent	

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Group consisted of:

- Franchisor of clinics providing premium non-surgical aesthetics services, including laser hair removal, cosmetic injections, skin treatments, body contouring treatments and the retail sale of proprietary skincare and other complementary products;
- Operator of corporate and majority owned clinics providing premium non-surgical aesthetics services, including laser hair removal, non-invasive cosmetic injections, skin treatments, body contouring and the retail sale of proprietary skincare and other complementary products; and
- Distribution and sale of proprietary skincare and other related products to the franchise network of clinics and directly to consumers via the Group's websites.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Acquisition of Australian Skin Clinics and The Cosmetic Clinic

On 31 August 2021 SILK completed the acquisition of 100% of Beauty Service Holdings and its subsidiaries and LMD2 Pty Ltd, together the Australian Skin Clinics Group ("ASC"), through its wholly owned subsidiary, M3K Holdings Pty Ltd.

ASC comprised a network of 55 non-surgical aesthetics' clinics at completion, including 48 traditional franchises (14 in New Zealand), four joint venture franchises and three corporate clinics, and operates a very similar business model to SILK.

Subsequent to completion, three further traditional franchise have been opened in New Zealand and one joint venture franchise clinic in Victoria. The clinics in New Zealand trade under the brand name of The Cosmetic Clinic ("TCC") and are all traditional franchises.

ASC has brought to the SILK Group a non-surgical aesthetics clinic network with limited crossover of locations, primarily based in the Eastern Australian States and New Zealand, to complement SILK's very strong market presence in Western Australia, South Australia, Northern Territory and Tasmania.

The agreed purchase consideration was $52 million, comprised of $47 million of cash (before working capital and net debt adjustments) and up to $5 million of SILK shares.

The share-based consideration was conditional on the opening of new clinics, three in Australia by 31 July 2022 ($1.33 million per clinic) and three in New Zealand by 31 December ($0.33 million per clinic). If a lesser number of clinics was opened by these agreed dates, there would be a pro-rata reduction in the earn out consideration.

By the date of completion all the required clinics were open apart from one clinic in NZ, which was opened by 26 October 2021 and therefore the final tranche of shares was issued in early December 2021.

The value of the shares set out in the table below is based on the published price at the date of issue. The final purchase consideration paid is summarised in the table below:

	$'000
Cash consideration (adjusted for working capital and net debt)	45,886
Shares issued as consideration:	–
– On completion 1,066,163 shares @ $3.94 per share	4,201
– On 2 December 76,154 shares @ $4.71 per share	359
Total purchase consideration provided by SILK	**50,446**

More details on the acquisition can be found in the accompanying financial statements, see Note 3, Business Combinations.

Additionally, SILK opened four new clinics during the year (including three joint ventures) and three TCC franchised clinics opened in New Zealand.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investment Commission, relating to "rounding off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS SUMMARY:

The Group's business model is based on deriving revenues from a network of clinics, which are either owned or franchised, providing non-surgical aesthetic services and complementary products to its mainly retail customer base. Most of the clinics are based in shopping centres and some are in high street locations. Revenue from SILK's owned or majority owned clinics is referred to as Clinic sales.

Franchised clinics are provided with a range of support services, including marketing, operational, training and operational support. SILK earns Franchise revenue from such services, including a marketing levy to cover the cost of promoting the brand, the clinic network and the services provided. SILK also distributes a range of products and services to the franchised network including injectables and SILK's proprietary skincare products. Revenue from distribution activities is referred to as Distribution sales in the accompanying financial statements and has grown strongly following the acquisition of ASC.

Profit from ordinary activities after tax and net profit for the financial year are prepared in accordance with the *Corporations Act 2001* and Accounting Standards. SILK's FY22 statutory profit after income tax totalled $6.4 million (FY21: $5.2 million) after deducting a tax expense of $2.7 million (FY21: $2.5 million).

The above increase in reported net profit after income tax compared with FY21 was primarily due to:

- Total Reported Revenue growth of 38.1%, which was a combination of organic growth and the impact of the acquisition of Australian Skin Clinics ("ASC") on 31 August 2021.
- Total Reported Revenue comprises Trading sales and Franchise revenue. The increase of 38.1% versus the prior year was driven by growth in Network Cash Sales of 91% to $162.7 million (FY21: $85.1 million). Network Cash Sales for FY22 includes $72.7 million relating to the ASC clinic network from 1 September 2021. Excluding the impact of the acquisition, Network Cash Sales grew by 6%. Network Cash Sales is defined below in the section, non-IFRS measures.
- Trading sales comprise Clinic sales and Distribution sales. Following the acquisition of ASC, primarily a franchised clinic network, Distribution sales have grown by 75%, compared with the growth of Clinic sales of 16%, which has led to a reduction in the gross margin percentage of 3.5% points as Distribution sales are mainly sold at wholesale prices, whereas Clinic sales of services and goods are at retail prices.
- Franchise revenues grew by 142% to $13.6 million (FY21: $5.6 million). The increase of $8.0 million includes $7.3 million relating to the ASC and TCC franchised clinics.

- Cost of doing business, comprising all operating expenses except for leasing costs, which are accounted under AASB 16, has increased by 42%, reflecting the overall growth of the business, including the acquisition. As a percentage of Reported revenue, it was 49.6% compared with 48.2% in FY21, with the increased proportion mainly relating to Marketing expenses and Other Expenses, relating to logistics, insurance, travel and other costs. The increase in Marketing expenses was offset by the marketing levy contributions from ASC franchisees, which is included in Franchise revenue.
- Business combination expenses of $2.2 million were incurred mainly in relation to the acquisition of the ASC Group and were in addition to the $1.4 million incurred in FY21. Therefore, the total business combination costs in relation to the ASC acquisition totalled $3.6 million over the two financial years.
- The Group has embarked on a major investment program to replace and enhance its business systems and related IT infrastructure and incurred $1.2 million of costs on this project in FY22. The project will continue into FY23, with an estimated further $2.5 million anticipated to be invested in this program, which will also be charged as an expense the profit and loss account. The new systems being deployed are mainly cloud based, software as a service systems, and the one-time implementation costs cannot be capitalised, hence we have separated these costs from the operational cost of doing business.
- The Group's effective rate of tax charge was just under 30%, in line with the Australian rate of corporate income tax, taking account of a few non-deductible items and the impact of the New Zealand income tax rate of 28% charged on taxable profits arising from the TCC business.

Non-IFRS measures

Network Cash Sales comprises sales from all clinics accounted on a cash basis and is the basis for charging franchise service fees for clinics in which the Group does not have a controlling interest.

The Group reports adjusted EBITDA and adjusted NPAT measures to help explain its underlying performance. The detailed reconciliations of these non-IFRS measures are shown in the table below:

Reconciliation to non-IFRS adjusted profit measures	FY22 $'000	FY21 $'000
Profit before income tax expense	9,092	7,637
Less: Net Finance Income – Loans and Cash	(272)	(230)
Add: Net Finance costs – AASB 16 *Leases*	1,070	672
Add: Depreciation and amortisation expenses	8,453	6,076
EBITDA per statutory accounts	**18,343**	**14,155**
Less: JobKeeper and other government stimulus measures	–	(1,952)
Add: IPO related expenses including listing bonus share award vesting	247	3,633
Add: Business combination expenses	2,175	1,449
Add: Systems implementation project – Cloud based	1,245	–
Adjusted EBITDA	**22,010**	**17,285**
NPAT per statutory accounts	**6,389**	**5,152**
Less: JobKeeper and other government stimulus measure – net of tax	–	(1,365)
Add: IPO related expenses including listing bonus share award – net of tax	173	2,671
Add: Business combination expenses – net of tax	1,523	1,014
Add: System implementation project – net of tax	872	–
Add: Amortisation of acquired intangible assets – net of tax	603	–
Adjusted NPAT	**9,560**	**7,472**

FINANCIAL POSITION OF THE GROUP

The Group finished the financial year with net debt of $3.8 million, compared with net cash of $44.1 million at 30 June 2021, with the prior year cash holding reflecting the funds raised to fund the acquisition of ASC, which had been announced to ASX on 18 June 2021. The related share placement of $20 million had been completed on 21 June 2021.

The acquisition of ASC completed on 31 August 2021 with $45.9 million plus business combination expenses, required to be paid in cash. These costs were funded by $22.5 million drawn down from an acquisition term debt facility with a major bank. The balance of $23.4 million, plus related costs, were funded from the Group's cash resources.

After deducting lease liabilities reported under AASB 16 of $22.3 million the net debt position was $26.1 million at 30 June 2022, compared with net cash of $28.3 million, with the movement mainly explained by the purchase of ASC and the related increase in working capital.

Net cash from operating activities totalled $12.0 million in FY22, compared with $23.8 million in FY21. Tax payments were $6.5 million higher due to an increase in tax instalments being paid for FY22 and the final payments of FY21 also falling due in FY22. Additionally, there were some tax payments related to ASC requiring to be paid post acquisition. Excluding tax and interest, cash from operating activities was $20.5 million (FY21: $23.7 million).

EVENTS AFTER THE REPORTING DATE

Acquisition agreement

The Group 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 during the first half of the new financial year, FY23.

The consideration for the acquisition of Unique Laser was $600,000.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

REMUNERATION REPORT (AUDITED)

The Board of Directors of SILK Laser Australia Limited (SILK) presents its Remuneration Report for the reporting period of 1 July 2021 to 30 June 2022. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

The Remuneration Report sets out the detailed remuneration arrangements for the Group's Non-Executive Directors, the Managing Director and other key management personnel, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

(a) Key Management Personnel covered in this report

This report sets out the remuneration arrangements for SILK's Key Management Personnel (KMP) who have been KMP during the reporting period. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

For the remainder of this Remuneration Report, the KMP are referred to as either Non-Executive Directors or Senior Executives.

All Non-Executive Directors and Senior Executives have held their positions for the duration of the reporting period unless indicated otherwise.

SILK Laser Australia's KMP are:

Name	Role	Status	Appointed/Resigned
Non-Executive Directors			
Boris Bosnich	Chairman, Non-Executive Director	Independent	
Sinead Ryan	Non-Executive Director	Independent	
Bradley Lynch	Non-Executive Director	Not Independent	Resigned 27 April 2022
Jacinta Caithness	Non-Executive Directors	Independent	Appointed 27 April 2022
Andrew Cosh	Non-Executive Director	Independent	
Senior Executives			
Martin Perelman	Chief Executive Officer (CEO) and Managing Director		
Robert Garsden	Chief Operating Officer (COO)		Ceased 11 February 2022
Darryl Cotter	Chief Operating Officer (COO)		Appointed 30 May 2022
Ivan Jacques	Chief Financial Officer (CFO)		

Robert Garsden unexpectedly passed away and ceased as KMP on 11 February 2022. In relation to Robert's incentive awards, Robert's remaining portion of 57,971 IPO Bonus Rights vested in full on 31 August 2022 in accordance with the terms of the offer. In recognition of Robert's role as Chief Operating Officer and his significant contribution to the Company, the Board exercised its discretion to determine that a pro-rata portion of his FY22 LTI Performance Rights would vest early. As such 9,353 LTI Performance Rights vested on 31 August 2022, representing the pro-rata portion of the performance period Mr Garsden worked, and were valued at $24,318.

(b) Remuneration overview

The Board recognises that the performance of the Group depends to a large extent on the quality and motivation of the SILK team, including the Senior Executives. SILK's remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels in the organisation. Using various remuneration mechanisms, the Board seeks to have a structure that incentivises shareholder returns, sustainable growth, risk management as well as driving a positive culture across the business. SILK utilises both Short and Long-Term incentives in addition to cash salaries to incentivise staff and reward performance.

The primary performance measure for determining whether Senior Executives Short-Term Incentives (STI) were paid, was the Group's EBITDA versus budget. In FY22, the Group's comparable EBITDA (i.e. using consistent accounting standards) exceeded budget, leading to a stretch component being paid to Senior Executives in their bonuses for FY22. The Board believes the STI outcomes were fair and appropriate and reflect the alignment between shareholders' interests and the Company's remuneration practices and policies.

The Remuneration and Nomination Committee will continue to review the remuneration arrangements for Non-Executive Directors and Senior Executives to ensure that they are relevant, competitive, and appropriate for a listed company.

(c) Relationship between remuneration policy and company performance

The performance criteria and targets for Senior Executives to realise benefits under both the Company's STI and LTI plans are aligned to company performance and enhancing shareholder value. The Remuneration and Nomination Committee considers both statutory and normalised results for the business in evaluating performance against key metrics.

The Remuneration and Nomination Committee is of the opinion that the continued improvement in results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder value if maintained over the coming years. A summary of the normalised results for the Group is included in the Review of Operations contained in the Directors' Report.

The following table provides a summary of the Company's statutory financial performance from FY20 to FY22:

	Statutory FY22 Result $000	Statutory FY21 Result $000	Statutory FY20 Result $000
Total reported revenue	81,322	58,878	32,329
EBITDA	18,343	14,155	8,270
Net profit/(Loss) after tax	6,389	5,152	2,309
Basic earnings per share (cents)	12.10	11.81	5.19
Dividend declared*	–	1,500	–
Dividend per share declared (cents)	–	3.53	–
Year-end share price ($)	1.81	4.37	Not Listed

* Note: Dividends declared refers to the once off dividends paid to shareholders in the Group immediately prior to the Initial Public Offering in December 2020.

(d) Role of Remuneration and Nomination committee

The primary objective of the Remuneration and Nomination Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

Under its charter, the Remuneration and Nomination Committee must consist of a minimum of three Directors, only Non-Executive Directors, a majority of Independent Directors and an Independent Director as Chair. The Remuneration and Nomination Committee comprises:

- Andrew Cosh (Chair – Independent);
- Jacinta Caithness (independent); and
- Boris Bosnich (Independent).

The responsibilities of the Remuneration and Nomination Committee include:

- reviewing and recommending to the Board remuneration arrangements for Non-Executive Directors;
- reviewing and recommending to the Board employment and remuneration arrangements for the Managing Director and the senior executives;
- approving major changes and developments in the Group's policies and procedures related to remuneration, recruitment, retention, termination, and performance assessment for senior management;
- approving major changes and developments in superannuation arrangements, personnel practices, and industrial relations strategies for the Group;
- reviewing the Group's remuneration framework to confirm it encourages a culture aligned with the Group's values, supports the strategic objectives, and is aligned with the Group's risk management framework;
- overseeing the operation of the Group's employee equity incentive plans and recommending to the Board whether offers are to be made under any of the Group's employee equity incentive plans in respect of a financial year;
- reviewing and recommending to the Board the terms of any incentive offers made to the Managing Director and other members of the senior executive team;
- reviewing and recommending to the Board the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman;
- reviewing the succession plans for the Managing Director and other senior executives; and
- in accordance with the Diversity Policy, recommending to the Board measurable objectives for achieving gender diversity in the composition of the Board, senior executives, and workforce generally, and assessing the Group's progress in achieving those objectives.

(e) Equity Incentive Plan

Under the rules of the Equity Incentive Plan (Plan Rules), SILK has flexibility to grant Rights, Options, Units, Restricted Shares and Shares as incentives, subject to the terms of individual offers and the satisfaction of applicable conditions as determined by the Board from time to time.

The key features of the Plan Rules are as follows:

Topic	Summary
Eligibility	Offers may be made at the Board's discretion to employees of SILK or any other person that the Board determines to be eligible to receive a grant.
Types of securities	SILK may grant Rights, Options, Units, Shares and/or restricted Shares as incentives, subject to the terms of individual offers. **Rights** are an entitlement to receive Shares subject to the satisfaction of applicable conditions. **Options** are an entitlement to receive Shares upon satisfaction of applicable conditions and exercise (which may include payment of an applicable exercise price). **Units** are an entitlement to a cash payment subject to the satisfaction of applicable conditions. **Restricted Shares** are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions. Unless otherwise specified in an offer document, the Board has discretion to settle Options or Rights with a cash equivalent payment.
Offers under Plan Rules	Under the Plan Rules, SILK may make offers at its discretion, subject to any requirements for Shareholder approval. The Board has discretion to set the terms and conditions on which it will offer incentives in individual offer documents. An offer must be accepted by the participant (this may occur via an 'opt out' basis).
Issue price	Unless the Board determines otherwise, no payment is required for a grant of Rights, Options, Units or restricted Shares allocated under the Plan Rules.
Vesting	Vesting of incentives is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Plan Rules and the terms of the specific offer document, incentives will lapse or be forfeited (as applicable) if the performance and/or vesting conditions are not satisfied. The Board has discretion to delay or suspend vesting in certain circumstances. To receive Shares (or a cash equivalent payment), vested Options must be exercised, and the exercise price (if any) must be paid, which may occur through a cashless exercise mechanism. Rights may be exercisable (if specified in the individual offer) or automatically exercised on vesting. No exercise price is payable in respect of Rights. No exercise mechanism or exercise price applies to Units or restricted Shares.

Topic	Summary
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of incentive awards on cessation of employment. It is intended that individual offer documents will provide more specific information on how the incentive awards will be treated if the participant ceases employment with the Group. Termination benefits approval will be obtained for the giving of these benefits under the Plan Rules.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad malus and clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	The Plan Rules provide the Board with discretion in various change of control scenarios. For example, the Board may determine that all or a specified number of a participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Plan Rules.
Rights issues, bonus issues, corporate actions and other capital reconstructions	The Plan Rules include specific provisions dealing with rights issues, bonus issues, corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions. Participants holding Rights or Options are not entitled to participate in new issues of securities by SILK prior to the vesting (and exercise, if applicable) of their incentives. In the event of a bonus issue, the Rights or Options will be adjusted in the manner allowed or required by the ASX Listing Rules.
Restrictions on dealing	Prior to vesting, the Plan Rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, employees will be free to deal with their incentives, subject to the Securities Dealing Policy.
Other terms	The Plan Rules contain customary and usual terms for dealing with administration, variation, suspension and termination of any incentive plan. This includes discretion to amend the provisions of the Equity Incentive Plan or the terms or conditions of incentives granted under the Plan Rules (subject to the ASX Listing Rules).

The Board has determined that the Equity Incentive Plan would be used to deliver the Listing award (**Listing Bonus Award**).

The Board intends to grant LTI awards under the Equity Incentive Plan to attract, retain and motivate Senior Executives and promote the long-term growth of SILK.

Listing Bonus Award

The Listing Bonus Award was a one-off award that was granted to certain directors and Senior Executives to reward them for their efforts during SILK's successful IPO in December 2020 and to provide ongoing motivation and alignment with Shareholder interests.

The key features of the Listing Bonus Award are as follows:

Topic	Summary
Award	The Listing Bonus Award was delivered in Rights. Each Right entitles the participant to one Share (or an equivalent cash payment as determined by the Board) subject to the satisfaction of applicable vesting conditions. The Board decided to grant Rights because they create share price alignment between participants and Shareholders but do not provide the full benefits of share ownership (such as dividend and voting rights) unless and until the Rights vest.
Maximum number of Rights proposed to be issued	Under the Listing Bonus Award, the: • Chairman was granted 28,985 Rights (Fair value of $100,000); • COO was granted 115,942 Rights (Fair value of $400,000); and • CFO was granted 57,971 Rights (Fair value of $200,000). The number of Rights awarded to each participant was calculated by dividing the participant's award opportunity by the IPO offer price of $3.45 on 15 December 2021, the grant date. If the holder of the Rights is employed at vesting date, they are deemed to have met the performance condition.
Vesting	Half of the Rights vested in August 2021 and the remaining half vested in August 2022, subject to the satisfaction of vesting conditions. Vesting was subject to the Board determining that the participant's performance from the grant date up until the relevant vesting date has "met expectations" (or better). A service condition also applied, subject to the cessation of employment provisions described below.
Acquisition Price	Rights were issued at nil cost as they form part of the participant's remuneration.
Exercise	Rights are automatically exercised upon vesting.
Restrictions on dealing	Any dealing in respect of a Right is prohibited, unless the Board determines otherwise, or the Dealing is required by law. Participants will be free to deal in any Shares allocated on vesting of Rights, subject to the Securities Dealing Policy.
Cessation of employment	Unless the Board determines otherwise: • if the participant's employment is summarily terminated or they resign (or give notice of resignation) prior to the vesting date, all unvested Rights will lapse; and • if the participant ceases employment for any other reason prior to the vesting date, a pro-rata portion of unvested Rights (based on the proportion of the service period that has elapsed up to the date of cessation) will remain on foot and be eligible to vest on the relevant vesting date in the ordinary course.
Change of control and other circumstances which may trigger early vesting	If a change of control event occurs (including a takeover bid or any other transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change in the control of the Company), the Board may decide that some or all Rights will vest or lapse. If an actual change of control occurs before the Board exercises its discretion, all unvested Rights will immediately vest on a pro-rata basis having regard to the portion of the vesting period that has elapsed.
Malus and clawback	As described above, the Board has malus and clawback powers under the Plan Rules. The scope of these powers includes lapsing Rights and/or forfeiting any shares allocated on vesting as well as clawing back certain cash amounts.

(f) Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its Directors and Senior Executives. The performance of the Group depends on the quality of its Directors and Senior Executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder value, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

(g) KMP Remuneration

Non-Executive Directors Remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. No independent remuneration consultants were used during the FY22 year. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Except for the Chairman's participation in the Listing Bonus Award, Non-Executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate maximum non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2021 Annual General Meeting, where the shareholders approved an aggregate maximum remuneration of $650,000 per annum.

Directors may be reimbursed for travel and other expenses incurred in attending to the Group's affairs, including attending and returning from Board or Board committee meetings and general meetings of the Company. Any Non-Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services that, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Statutory remuneration details and Disclosures	Director's fees $	Offer & Prospectus Fees $	Super-annuation defined contribution $	Share-based payments $	Total $
FY22					
Boris Bosnich	140,631	–	–	–	140,631
Sinead Ryan	60,000	–	–	–	60,000
Andrew Cosh	60,000	–	–	–	60,000
Jacinta Caithness (appointed 27 April 2022)	15,085				15,085
TOTAL	275,716	–	–	–	275,716
FY21					
Boris Bosnich	112,346	–	3,270	113,262	228,878
Sinead Ryan	38,500	2,750	–	–	41,250
Andrew Cosh	50,000	–	–	–	50,000
TOTAL	200,846	2,750	3,270	113,262	320,128

Bradley Lynch (resigned 27 April 2022) did not receive a Director's fee, but Advent Partners, Mr Lynch's employer, received a consultancy fee of $60,000 (plus GST) per annum. Advent Partners provided a range of services including the provision of advice in relation to operational and strategic issues relevant to SILK.

Senior Executive Remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

<table>
<tr><td>Total fixed remuneration (TFR)</td><td>Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits.

TFR is based on experience and expertise of the Senior Executive, individual performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.</td></tr>
<tr><td>Short-term incentive (STI)</td><td>The Short-Term Incentives ('STI') program is designed to align the targets of the business with the performance targets of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's can include profit contribution, customer satisfaction, leadership contribution and product management.

Key performance indicators for STI achievement are determined by the Board annually in consultation with the executive.</td></tr>
<tr><td>Long-term incentive (LTI)</td><td>During FY22 LTI Performance Rights were granted to a number of senior employees. The Performance Rights will vest and convert to fully paid ordinary shares at no cost upon the achievement of certain performance hurdles, subject to a 'total shareholder return' or 'TSR' growth gateway.

The performance hurdle is SILK's 'earnings per share' or 'EPS' growth. The baseline is 16.75 cents. The Performance Rights will vest according to the following schedule.

<table>
<tr><th>Earnings Per Shares CAGR</th><th>% of Rights eligible to vest</th></tr>
<tr><td>Less than 10%</td><td>Nil</td></tr>
<tr><td>10%</td><td>20%</td></tr>
<tr><td>Between 10% and 20%</td><td>Straight line pro-rata vesting between 20% and 100%</td></tr>
<tr><td>20% or above</td><td>100%</td></tr>
</table>

The minimum 'total shareholder return' or 'TSR' growth needed to open the gateway is 10%. The baseline is $3.93. The gateway will be measured over the period 1 September 2021 to 31 August 2024.</td></tr>
<tr><td>Service condition for LTI</td><td>Unless the Board determines otherwise:

• if the employment is terminated by the Group in circumstances justifying summary dismissal or the executive resigns from the Group (or gives notice of resignation) prior to the vesting date, all the unvested Rights will lapse; and

• if the executive ceases employment with the Group for any other reason prior to the vesting date (including retirement or mutually agreed separation), a pro-rata portion of the unvested Rights (based on the proportion of the Performance Period that has elapsed up to the date of cessation) will remain on foot and be eligible to vest on the vesting date in the ordinary course as though the employment had not ceased.</td></tr>
</table>

Statutory remuneration details and Disclosures	Cash salary $	STI/bonus $	Annual leave/long service leave $	Superannuation defined contribution $	Share-based payments $	Allowances $	Total $
FY22							
Martin Perelman	332,017	144,900	145,955	23,702	81,663	–	728,237
Rob Garsden	172,308	–	41,818	26,656	186,125	560	427,467
Ivan Jacques	256,793	89,040	50,468	26,261	109,106	1,300	532,968
Darryl Cotter	20,192	–	1,555	2,019	–	67	23,833
TOTAL	781,310	233,940	239,796	78,638	376,894	1,927	1,712,505
FY21							
Martin Perelman	314,777	110,250	99,325	25,000	13,262	–	562,614
Rob Garsden	246,159	94,248	50,045	24,643	242,881	1,225	659,201
Ivan Jacques	243,038	45,360	36,325	24,309	158,333	1,615	508,980
TOTAL	803,974	249,858	185,695	73,952	414,476	2,840	1,730,795

	Target STI $	Actual STI Awarded $	Awarded STI as % of Maximum STI %
Senior Executive FY22 STI			
Martin Perelman	105,000	144,900	138%
Rob Garsden	84,000	–	N/A
Ivan Jacques	70,000	89,040	127%
	259,000	233,940	
Senior Executive FY21 STI			
Martin Perelman	105,000	110,250	105%
Rob Garsden	84,000	94,248	112%
Ivan Jacques	42,000	45,360	108%
	231,000	249,858	

Short-term incentives (STI)

Under the STI, all executives have the opportunity to earn an annual incentive which is delivered in cash, subject to the achievement of a range of financial and non-financial key performance indicators (KPI's) which are assessed by the board on an annual basis. The STI recognises and rewards superior annual performance and includes a stretch target to encourage enhanced performance above the targets established in the business plan for the year.

The STI performance measures were chosen as they reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Group, its shareholders and clients. The annual KPI's for participants and related targets are also reviewed annually.

The FY22 STI KPI's for KMP were largely focused on,

- FY22 Sales v Budget;
- FY22 EBITDA v Budget;
- Growth in clinic numbers;
- Customer satisfaction; and
- External communication, e.g. investor & public relations.

Whether or not Senior Executives receive a STI in a particular year will be at the absolute discretion of the Board.

The STI scheme includes a stretch target which can result in an amount greater than the STI value being paid. The stretch targets were achieved in FY22, and therefore the Senior Executives were paid an additional amount for this overachievement.

Executive employment arrangements

Each executive has an employment contract specifying, among other things, remuneration arrangements, benefits, notice periods and other terms and conditions. The contracts provide that participation in the STI and LTI arrangements are at the Board's discretion.

The employment contracts do not have a fixed term. Employment may be terminated by the executive with notice, or by the Company with notice or by payment in lieu of notice, or with immediate effect in circumstances including serious or wilful misconduct.

Managing Director
Martin Perelman

Terms	Summary
Total fixed remuneration (TFR)	The Managing Director is entitled to receive annual TFR of $350,000 (inclusive of superannuation).
Short-term incentive (STI)	The Managing Director is eligible to participate in SILK's existing STI arrangements of 30% of his annual TFR, less compulsory superannuation contributions, plus a stretch component. Key performance indicators for STI achievement are determined by the Board in consultation with the executive.
Long-term incentive (LTI)	The Managing Director is eligible to participate in the Equity Incentive Plan. LTI awards are considered and set by the Board annually.
Termination	The Managing Director's employment may be terminated by either party upon giving 12 months' notice. The employment may also be terminated by SILK without notice in certain circumstances including serious misconduct. On termination of employment, the Managing Director will be subject to a restraint of trade for a maximum period of 12 months, in a maximum area of the Commonwealth of Australia. The enforceability of the restraint clause is subject to the usual legal requirements. Any payments made to the Managing Director upon termination of his employment are subject to the termination benefits cap under the Corporations Act.

Chief Financial Officer
Ivan Jacques

Term	Summary
Total fixed remuneration (TFR)	The CFO is entitled to receive annual TFR of $280,000 (inclusive of superannuation).
Short-term incentive (STI)	The CFO is eligible to participate in SILK's existing STI arrangements of 25% of his annual TFR less compulsory superannuation contributions, plus a stretch component. Key performance indicators for STI achievement are determined by the Board in consultation with the executive.
Long-term incentive (LTI)	The CFO is eligible to participate in the Equity Incentive Plan. LTI awards are considered and set by the Board annually.
Termination	The CFO's employment may be terminated by either party upon giving 6 months' notice. The CFO's employment may also be terminated by SILK without notice in certain circumstances including serious misconduct. On termination of employment, the CFO will be subject to a restraint of trade for a maximum period of 12 months, in a maximum area of the Commonwealth of Australia. The enforceability of the restraint clause is subject to the usual legal requirements. Any payments made to the CFO upon termination of his employment are subject to the termination benefits cap under the Corporations Act.

Chief Operating Officer
Rob Garsden (ceased 11 February 2022)

Terms	Summary
Total fixed remuneration (TFR)	The COO is entitled to receive annual TFR of $280,000 (exclusive of superannuation).
Short-term incentive (STI)	The COO is eligible to participate in SILK's existing STI arrangements of 30% of his annual TFR, plus a stretch component. Key performance indicators for STI achievement are determined by the Board in consultation with the executive.
Long-term incentive (LTI)	The COO is eligible to participate in the Equity Incentive Plan. LTI awards are considered and set by the Board annually.
Termination	The COO's employment may be terminated by either party upon giving 6 months' notice. The COO's employment may also be terminated by SILK without notice in certain circumstances including serious misconduct. On termination of employment, the COO will be subject to a restraint of trade for a maximum period of 12 months, in a maximum area of the Commonwealth of Australia. The enforceability of the restraint clause is subject to the usual legal requirements. Any payments made to the COO upon termination of his employment are subject to the termination benefits cap under the Corporations Act.

Chief Operating Officer
Darryl Cotter (appointed 30 May 2022)

Terms	Summary
Total fixed remuneration (TFR)	The COO is entitled to receive annual TFR of $350,000 (exclusive of superannuation).
Short-term incentive (STI)	The COO is eligible to participate in SILK's existing STI arrangements of 20% of his annual TFR, plus a stretch component. Key performance indicators for STI achievement are determined by the Board in consultation with the executive.
Long-term incentive (LTI)	The COO is eligible to participate in the Equity Incentive Plan. LTI awards are considered and set by the Board annually.
Termination	The COO's employment may be terminated by either party upon giving 6 months' notice. The COO's employment may also be terminated by SILK without notice in certain circumstances including serious misconduct. On termination of employment, the COO will be subject to a restraint of trade for a maximum period of 12 months, in a maximum area of the Commonwealth of Australia. The enforceability of the restraint clause is subject to the usual legal requirements. Any payments made to the COO upon termination of his employment are subject to the termination benefits cap under the Corporations Act.

(h) KMP Shareholding

The number of ordinary shares held by each KMP of the Group is as follows:

	Balance at Beginning of Year	Purchase/ (Sale) of Shares	IPO Sale	Balance at End of Year
30 June 2022				
Non-Executive Directors				
Boris Bosnich	130,000	28,493	–	158,493
Sinead Ryan	78,431	–	–	78,431
Jacinta Caithness	–	–	–	–
Andrew Cosh	3,125,998	(1,562,999)	–	1,562,999
	3,334,429	(1,534,506)	–	1,799,923
Senior Executives				
Martin Perelman	2,878,398	–	–	2,878,398
Rob Garsden	195,000	(97,500)	–	97,500
Ivan Jacques	152,000	49,986	–	201,986
	3,225,398	(47,514)	–	3,177,884
	6,559,827	(1,582,020)	–	4,977,807

The number of SILK LTI Performance Rights held by each KMP of the Group is as follows:

30 June 2022	Balance at Beginning of Year	Granted as compensation during the Year	Vested during the Year	Balance at End of Year
Martin Perelman	–	136,674	–	136,674
Rob Garsden	–	68,337	–	68,337
Ivan Jacques	–	45,558	–	45,558
Darryl Cotter	–	–	–	–
	–	250,569	–	250,569

Details of the performance rights	Martin Perelman	Ivan Jacques	Rob Garsden
Grant date	01/10/2021	01/10/2021	01/10/2021
Number of instruments granted	136,674	45,558	9,353
Fair value per instrument at grant date	$2.39	$2.39	$2.39
Value of performance rights	$326,651	$108,884	$22,354
Expiry date	30/09/2024	30/09/2024	30/09/2024
Exercise price	$0	$0	$0
Exercise date	30/09/2024	30/09/2024	30/06/2022
Performance conditions attached to instrument	Described above under Senior Executive Remuneration		
Service conditions attached to instrument	Described above under Senior Executive Remuneration		

The number of Listing Bonus Award Rights in SILK held by each KMP of the Group is as follows:

	Balance at Beginning of Year	Awarded during the Year	Exercised during the Year	Balance at End of Year
30 June 2022				
Non-Executive Directors				
Boris Bosnich	28,985	–	14,493	14,492
Senior Executives				
Rob Garsden	115,942	–	57,971	57,971
Ivan Jacques	57,971	–	28,985	28,986
	173,913	–	86,956	86,957
	202,898	–	101,449	101,449

The balance of Listing Award Bonus Rights held at 30 June 2022 vested on 31 August 2022.

(i) Loans made to KMP

Under the terms of the Employee Share Scheme prior to the IPO, SILK entered into limited recourse loan agreements with a number of its employees and Directors, including Boris Bosnich (Chairman), Martin Perelman (Chief Executive Officer and Managing Director), Ivan Jacques (Chief Financial Officer) and Rob Garsden (Chief Operating Officer) (collectively, Employee Loans).

Under each Employee Loan, the relevant employee or Director was loaned an amount to fund their acquisition of a parcel of shares (Loan Shares). The Employee Loans are summarised in the table below:

Employee/Director	30 June 2022 Loan Shares	30 June 2022 Loan amount $	30 June 2021 Loan Shares	30 June 2021 Loan amount $
Boris Bosnich	65,000	65,000	65,000	65,000
Martin Perelman	65,000	65,000	65,000	65,000
Ivan Jacques	130,000	260,000	130,000	260,000
Rob Garsden	65,000	65,000	130,000	130,000
TOTAL	325,000	455,000	390,000	520,000

No interest is charged or payable in respect of the Employee Loans. Repayment of the Employee Loans will be required where a relevant employee sells all or part of their Loan Shares. Recourse for any failure to repay an Employee Loan is limited to the Loan Shares held by the relevant employee or Director.

(j) Transaction with KMP

There were no other material transactions or contracts with KMP except as disclosed elsewhere in the remuneration report.

This concludes the remuneration report, which has been audited.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in the table below:

Audit vs Non-Audit Services	FY22	FY21	2022 % of Total Services %
Audit Fees	140,478	101,500	66.0%
Tax Compliance	30,800	16,000	14.5%
Transaction Services – IPO and acquisition due diligence	41,418	630,000	19.5%
	212,696	747,500	

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in notes to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF GRANT THORNTON

There are no officers of the Company who are former partners of Grant Thornton.

AUDITOR

Grant Thornton continues in office in accordance with section 327 of the *Corporations Act 2001*.

SIGNED

Signed in accordance with a resolution of the Directors.

Boris Bosnich
Chairman and Non-Executive Director

29 September 2022
Adelaide

GrantThornton

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Auditor's Independence Declaration

To the Directors of SILK Laser Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of SILK Laser Australia Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 September 2022

www.grantthornton.com.au
ACN-130 913 594

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2022

CONTENTS

GENERAL INFORMATION

The financial statements cover SILK Laser Australia Limited as a Group consisting of SILK Laser Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is SILK Laser Australia Limited's functional and presentation currency.

SILK Laser Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1/137 The Parade,
Norwood, SA 5067

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2022. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Revenue			
Trading sales	5	67,767	53,303
Cost of sales	8	(20,745)	(14,440)
Gross profit		47,022	38,863
Franchise revenue	5	13,555	5,575
Other Income	6	1,861	2,692
Share of Profits of Associates	7	628	776
Employee benefits expense	8	(27,301)	(20,463)
Occupancy costs		(1,465)	(931)
Marketing expenses		(5,016)	(2,701)
Other expenses	8	(6,567)	(4,306)
IPO related expenses		(247)	(3,633)
Business combination expenses		(2,175)	(1,449)
Systems investment – cloud based		(1,245)	–
Depreciation and amortisation expenses	8	(8,453)	(6,076)
Finance costs	8	(1,505)	(710)
Profit before income tax expense		**9,092**	**7,637**
Income tax expense	9	(2,703)	(2,485)
Profit after income tax expense for the year		**6,389**	**5,152**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		**6,389**	**5,152**
Profit for the year is attributable to:			
Non-controlling interest		1	134
Owners of SILK Laser Australia Limited		6,388	5,018
		6,389	5,152
Total comprehensive income for the year is attributable to:			
Non-controlling interest		1	134
Owners of SILK Laser Australia Limited		6,388	5,018
		6,389	5,152
		Cents	Cents
Basic earnings per share	35	12.10	11.81
Diluted earnings per share	35	12.03	11.49

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Assets			
Current assets			
Cash and Cash Equivalents	10	18,601	44,673
Trade and Other Receivables	11	9,809	4,813
Inventories	12	5,340	2,979
Other Assets	15	547	289
Total current assets		34,297	52,754
Non-current assets			
Trade and Other Receivables	11	9,126	1,869
Investments in Associates	13	1,286	881
Property, Plant and Equipment	16	18,655	18,794
Right-of-Use Assets	14	10,834	11,382
Intangible Assets	17	83,881	27,918
Deferred Tax	18	13,385	8,507
Other Assets	15	449	1,463
Total non-current assets		137,616	70,814
Total assets		**171,913**	**123,568**
Liabilities			
Current liabilities			
Trade and Other Payables	19	11,344	9,667
Contract Liabilities	20	9,531	9,311
Lease Liabilities	22	7,815	4,816
Income Tax Payable	23	891	3,329
Provisions	24	3,119	1,129
Total current liabilities		32,700	28,252
Non-current liabilities			
Contract Liabilities	20	284	150
Borrowings	21	22,386	–
Lease Liabilities	22	14,992	11,583
Deferred tax liabilities	18	11,045	5,274
Provisions	24	1,226	654
Total non-current liabilities		49,933	17,661
Total liabilities		**82,633**	**45,913**
Net assets		89,280	77,655
Equity			
Share Capital	25	78,884	73,746
Share-Based Payments Reserve	26	485	425
Retained profits		9,938	3,550
Equity attributable to the owners of SILK Laser Australia Limited		89,307	77,721
Non-controlling interest	27	(27)	(66)
Total equity		**89,280**	**77,655**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share Capital Ordinary shares $'000	Share-Based Payment Reserve $'000	Retained Earnings $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2020	36,567	533	32	(200)	36,932
Profit after income tax expense for the year	–	–	5,018	134	5,152
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	5,018	134	5,152
New share capital raised Pre-IPO	206	–	–	–	206
Pre-IPO Capital return	(5,400)	–	–	–	(5,400)
Granting of A class shares	–	593	–	–	593
Transfer of options vested and exercised	1,337	(1,337)	–	–	–
Share-based payments (Note 36)	–	211	–	–	211
Share based payments expense listing award	–	425	–	–	425
Proceeds from call on shares	3,960	–	–	–	3,960
New share capital raised – IPO	20,000	–	–	–	20,000
Transaction costs – IPO	(3,125)	–	–	–	(3,125)
Tax effect of IPO costs	750	–	–	–	750
Share placement	20,000	–	–	–	20,000
Transaction costs –Share placement	(722)	–	–	–	(722)
Tax effect – Share placement costs	173	–	–	–	173
Dividends paid	–	–	(1,500)	–	(1,500)
Balance at 30 June 2021	73,746	425	3,550	(66)	77,655

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

	Share Capital Ordinary shares $'000	Share-Based Payment Reserve $'000	Retained Earnings $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2021	73,746	425	3,550	(66)	77,655
Profit after income tax expense for the year	–	–	6,388	1	6,389
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	6,388	1	6,389
Listing rights vested and exercised	350	(350)	–	–	–
Shares issued during the year	4,788	–	–	–	4,788
Changes in proportion held by non-controlling interest	–	–	–	116	116
Share-based payments – Listing award vesting	–	245	–	–	245
Share-based payments – Performance rights vesting	–	165	–	–	165
Dividends paid	–	–	–	(78)	(78)
Balance at 30 June 2022	78,884	485	9,938	(27)	89,280

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		91,927	60,425
Receipts from Government Grants		–	1,952
Payments to suppliers and employees (inclusive of GST)		(71,297)	(35,368)
Interest received	6	707	268
Income tax paid		(7,812)	(1,342)
Interest paid (AASB 16)	8	(1,070)	(672)
Interest paid	8	(435)	(38)
Net cash from operating activities	34	12,020	25,225
Cash flows from investing activities			
Payments for property, plant and equipment		(3,068)	(10,461)
Payments for intangibles		(245)	(56)
Acquisition of ASC, net of cash acquired	4	(45,350)	–
Payments for cash held in guarantee deposits		1,463	(430)
Business combination expenses	4	(2,175)	(1,449)
Loan advances to associates		(2,337)	–
Acquisition of subsidiaries, net of cash acquired		(2,148)	(338)
Proceeds from disposal of property, plant and equipment		821	1,646
Dividends received	7	319	59
Proceeds from sale of subsidiaries and associates		394	–
Net cash used in investing activities		(52,326)	(11,029)
Cash flows from financing activities			
Proceeds from call on shares	25	–	3,960
Proceeds from issue of shares – IPO related	25	–	20,205
Share issue transaction costs – IPO		–	(6,758)
Payments for Pre-IPO capital return		–	(5,400)
Payments of Pre-IPO dividend		–	(1,500)
Proceeds from issue of shares – Share placement	25	–	20,000
Payment of Transaction costs – Share placement		–	(2,029)
Proceeds from loans with related parties		–	1,451
Dividends paid to minority interests		(78)	–
Repayment of principal portion of lease liabilities	22	(7,733)	(4,057)
Repayment of borrowings	21	(569)	–
Proceeds from borrowings	22,386	–	
Proceeds from repayments of Employee Share Scheme loans		228	–
Net cash from financing activities		14,234	25,872
Net increase/(decrease) in cash and cash equivalents		(26,072)	40,068
Cash and cash equivalents at the beginning of the financial year		44,673	4,605
Cash and cash equivalents at the end of the financial year	10	18,601	44,673

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

The consolidated preliminary financial report covers SILK Laser Australia Limited and its controlled entities ('the Group'). SILK Laser Australia Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed in the respective notes.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

Following the acquisition of Australian Skin Clinics ("ASC"), the Group operated two operating segments (previously one) during the year, SILK Laser Clinics and ASC. Both businesses are involved in the provision of non-surgical aesthetic services and sale of owned brand skincare products through their corporate, majority owned and franchised clinics, and fee income from franchised clinics, in Australia and New Zealand.

Prior to 30 June 2022, as part of the acquisition integration, the Group combined the head office support functions of the SILK and ASC brands and therefore such costs are not separable, and have been combined in the table below. The two businesses will be fully integrated during FY23 and we expect to report one business segment in this financial year.

The chief operating decision maker for the Group is the Managing Director.

The Group is not reliant on any single customer. As at 30 June 2022, the Group operated 37 corporate clinics and majority owned clinics in Australia (2021: 33), 19 Joint Venture clinics in which the Group has a non-controlling shareholding (2021: 11) and 66 franchised clinics (2021: 17)

The executive management team (EMT) primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA, see below) to access the performance of the operating segments. However, the EMT also receives information about the segments revenue and assets on a monthly basis. Information about the segment revenue is disclosed below.

Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant one-off items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, legal expenses, new systems investments, IPO related expenses, business combinations expenses and impairments where the impairment is the result of an isolated, non-recurring event.

Interest income and finance costs are not allocated to segments, as this type of activity is driven by the central finance function, which manages cash position of the Group.

Identification of reportable operating segments continued

A summary of the key financial measures for the period ending 30 June 2022 is set out below.

	SILK	ASC	Total
Trading Sales	63,328	4,439	67,767
Franchise revenue	6,217	7,338	13,555
Total Reported revenue	69,545	11,777	81,322
Less: Directly attributable costs	(41,678)	(4,153)	(45,831)
Segment EBITDA	**27,867**	**7,624**	**35,491**
Less: Support activities including head office costs	–	–	(13,481)
Adjusted EBITDA			**22,010**
Less: Depreciation and amortisation expenses	(6,774)	(1,679)	(8,453)
EBIT			**13,557**
Add: Net Finance Income	–	–	707
Less: Net Finance costs – AASB 16 *Leases*	–	–	(1,070)
Less: Net Finance costs – other	–	–	(435)
Less: Income tax	–	–	(2,703)
Less: Business combination & IPO costs	–	–	(2,422)
Less: System investment	–	–	(1,245)
Net profit after tax			**6,389**
Assets excluding intangible assets	73,825	13,660	87,485
Goodwill	28,298	34,670	62,968
Intangible assets	389	20,522	20,911
Total Assets	**102,512**	**68,852**	**171,364**
Total liabilities	38,910	20,788	59,698
Centralised debt (Unallocated)	–	–	22,386
Total liabilities	**38,910**	**20,788**	**82,084**

SILK's total assets and liabilities are measured in a manner consistent with that of the financial statements.

NOTE 4. BUSINESS COMBINATIONS

Acquisition of Controlled Entities

(a) Australian Skin Clinics and The Cosmetic Clinic

On 31 August 2021 SILK Laser Australia Limited acquired 100% of Beauty Service Holdings and its subsidiaries and LMD2 Pty Ltd, together the Australian Skin Clinics Group ("ASC"), through its wholly owned subsidiary, M3K Holdings Pty Ltd.

The agreed purchase consideration was $52 million, comprised of $47 million of cash (subject to adjustments for working capital and net debt) and up to $5 million of new SILK shares.

The share-based consideration was conditional on the opening of new clinics, three in Australia by 31 July 2022 ($1.33 million per clinic) and three in New Zealand by 31 December 2021 ($0.33 million per clinic). If a lesser number of clinics was opened by these agreed dates, there would be a pro-rata reduction in the earn out consideration.

By the date of completion, 31 August 2021, all the required clinics were open apart from one clinic in NZ, which was opened by 26 October 2021 and therefore the final tranche of shares was issued in early December 2021.

The value of the shares set out in the table below is based on the published price at the date of issue.

Details of the purchase consideration and the final determination of net assets and goodwill acquired are as follows:

	$'000
Cash consideration (adjusted for working capital and net debt)	45,886
Shares issued as consideration:	–
– On completion 1,066,163 shares @ $3.94 per share	4,201
– On 2 December 76,154 shares @ $4.71 per share	359
Total purchase consideration provided by SILK	**50,446**

Acquisition of Controlled Entities continued

(a) Australian Skin Clinics and The Cosmetic Clinic continued

The assets and liabilities recognised by SILK are as follows:

	Fair Value $'000
ASSETS	
Current Assets	
Cash	536
Bank guarantee deposits	622
Trade and other receivables	916
Inventories	1,058
AASB 16 Sub-Lease receivables	2,838
Current assets sub total	**5,970**
Non-Current Assets	
Tangible fixed assets:	
Plant, equipment and Leasehold improvements	1,611
Investments in Joint Venture partnerships	331
AASB 16 Right-of-Use Assets	782
AASB 16 Sub-Lease receivables	9,117
Deferred tax on intangible assets	4,500
Intangibles:	–
Brand name and trademarks	580
Franchisee network – Australia	15,180
Franchisee network – New Zealand	5,550
Non-current assets sub total	**37,651**
TOTAL ASSETS	**43,621**

NOTE 4. BUSINESS COMBINATIONS continued

	Fair Value $'000
LIABILITIES	
Trade and other payables	961
Income tax GST & other taxes	1,813
Employee entitlements	413
Provisions	4,540
Accrued expenses	176
Deferred tax liability	6,223
Contract Liabilities	982
AASB 16 Lease Liabilities	12,737
TOTAL LIABILITIES	**27,845**
Net identifiable Assets acquired	15,776
Goodwill on acquisition	34,670
Net Assets acquired	50,446

The goodwill is attributable to the workforce and the profitability of the acquired business.

The acquired business of ASC contributed Reported Revenues of $11.8 million for the period 1 September to 30 June 2022. Details of the ASC operating segment is disclosed in Note 3.

(b) Purchase consideration – cash flow

Outflow of cash to acquire subsidiary, net of cash acquired

	Fair Value $'000
Cash consideration	41,455
Escrow payment	1,800
Debt repaid to vendor	2,631
	45,886
Less: Balances acquired	
Cash	(545)
Net outflow of cash – investing activities	45,341

(c) Acquisition related costs

Acquisition related costs including due diligence and other associated costs of $2,175 thousand plus $1,449 thousand in FY21, that were not directly related to the issue of shares, are included in business combination expenses in the statement of profit and loss and in investing cash flows in the statement of cash flows.

Transaction costs related to a business combination are required to be expensed as incurred in accordance with Accounting Standards.

Other entities over which control was gained

During the year the group gained control over several existing franchise clinics from the SILK network. Details of these transactions are summarised below:

Entity Name	Date control gained	Previous shareholding %	Current shareholding %
ASC Mandurah Pty Ltd	01/12/2021	–	100.0%
ASC Warringah Mall Pty Ltd	10/01/2022	–	75.0%
SLC Fairfield Pty Ltd	01/04/2022	50.0%	62.5%
SLC Townsville Pty Ltd	01/04/2022	50.0%	75.0%
SLC Karrinyup Pty Ltd	30/06/2022	50.0%	100.0%

	2022 $'000
Assets acquired at the date of acquisition	
Cash and cash equivalents	266
Trade and other receivables	218
Inventories	373
Property, plant and equipment	1,873
Right-of-Use Assets	663
Deferred tax	469
Total identifiable assets	**3,862**
Liabilities assumed at the date of acquisition	
Trade payables	694
Contract liabilities	974
Employee provisions	43
Provisions	94
Lease liabilities	931
Deferred tax	396
Shareholder loans	912
Total Liabilities assumed	**4,044**
Fair value of net identifiable liabilities	182
Fair value of previously held interest	135
Cash consideration	2,184
Amounts provided for as part of the ASC acquisition	(2,013)
Goodwill	488

NOTE 4. BUSINESS COMBINATIONS continued

Entities over which there was a Loss of control

During the year the group lost control over several existing clinics from the SILK network. Details of these transactions are summarised below:

Entity Name	Date control was lost	Previous shareholding %	Current shareholding %
SLC Toowoomba Pty Ltd	01/08/2021	100.0%	50.0%
SLC Charlestown Pty Ltd	01/09/2021	70.0%	40.0%
SLC Cockburn Pty Ltd	01/12/2021	100.0%	50.0%
SLC Karrinyup Pty Ltd	01/12/2021	100.0%	100.0%

SLC Karrinyup Pty Ltd was brought back in to the group on the 30 June 2022.

	$'000
Assets	
Cash and cash equivalents	401
Trade and other receivables	201
Inventory	191
Property, Plant and Equipment	2,075
Right-of-Use assets	1,253
Deferred tax asset	729
Shareholder loans	113
	4,963
Liabilities	
Trade and other payables	(450)
Contract liabilities	(449)
Provisions	(95)
Lease liabilities	(1,553)
Shareholder loans	(2,156)
Deferred tax liabilities	(655)
	(5,358)
Net liabilities	**(395)**
Cash inflow from disposal	200
Realised gain on disposal	595

NOTE 5. REVENUE

	30 June 2022 $'000	30 June 2021 $'000
Timing of revenue recognition		
Clinic Sales – recognised at a point in time	50,144	43,223
Distribution sales – recognised at a point in time	17,623	10,080
Franchise revenue – recognised at a point in time	13,410	5,438
Initial franchise revenue – recognised over time	145	137
Reported revenue	81,322	58,878

Recognition and Measurement

Revenue arises primarily from the sales of laser hair removal, non-invasive cosmetic injections, skin treatments, body contouring treatments and the retail sale of skin care products. These will be summarily referred to as cosmetic treatments and skin care.

Laser hair removal, non-invasive cosmetic injections, skin treatments, body contouring and retail sale of skin care products

Revenue from the sale of cosmetic treatments and skin care products is recognised at the point in time when the Group transfers control of the products to the customer.

Revenue from the sale of laser hair removal, cosmetic injections, skin treatments and body contouring are recognised once the treatment has been performed. Such treatments can be performed with a single clinic visit or may be sold as a package of treatments that require multiple visits to the clinic to obtain each individual treatment. For single visit treatments, revenue is recognised at the point in time that the service has been provided. For treatment packages requiring multiple visits, each treatment visit is determined to be a distinct performance obligation under the contract and revenue is recognised at the point in time that these performance obligations are satisfied.

For transactions that comprise multiple performance obligations, such as bundled sale of goods and treatments, the transaction price is allocated to each performance obligation based on an apportionment of the selling price.

Contract Liabilities

Where consideration has been received in advance of the treatment, the Group recognises a contract liability to the extent of unsatisfied performance obligations. Revenue is recognised when the Group satisfies these performance obligations, which is usually once the treatment has been administered to the respective client.

Gift cards and packages are considered a prepayment for goods and services to be delivered in the future, which creates a performance obligation for the Group. The Group recognises a contract liability for the amount received in advance for the gift card/package and recognises revenue when the customer redeems the gift card or the service from the package is provided and the Group fulfils the performance obligation of the transaction.

The Group recognises the unredeemed value of gift cards and treatment packages as breakage/non-redemption income. The Group recognises the expected non-redemption amount as revenue in proportion to the historical pattern in which the gift cards and packages are utilised by the customers.

Franchise revenue

Initial franchise fees are recognised as revenue on a straight-line basis over the term of the respective franchise agreement, usually five years. This is on the basis that the Group has determined that the services provided in exchange for initial fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the franchisees.

Revenue associated with the continuing sales-based service fees and marketing fund contributions are recognised when the related franchisee sale occurs, on a monthly basis. The Group considers there to be one performance obligation, being the franchise right.

NOTE 6. OTHER INCOME

	30 June 2022 $'000	30 June 2021 $'000
Government wage subsidy (JobKeeper) and COVID-19 related grants	–	1,952
Other reimbursements	624	222
Interest income	707	268
Profit on disposal of subsidiaries	423	45
Insurance claim	107	205
	1,861	2,692

Government Wage Subsidy & Other Government Grants

In March 2020, in response to the COVID-19 pandemic, the Australian Government announced the JobKeeper scheme providing a wage subsidy, whereby employers received $1,500 per fortnight for each employed employee over a six-month period ending in September 2020. To qualify, an employer was required to satisfy eligibility criteria and had to pay the eligible employees at least $1,500 per fortnight, even if their regular wage per fortnight was less than $1,500. The Group did not quality for JobKeeper beyond the end of September.

JobKeeper payments are considered government grants and accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. Government grants are recognised when there is reasonable assurance the Group will comply with the conditions attaching to them and the grant will be received. Grants that compensate the Group for expenses are recognised in profit or loss on a systematic basis in the periods in which the related expenses are recognised.

In FY21 The Group has recognised $1.65 million JobKeeper income, which is disclosed as Other income in the consolidated statement of profit or loss and other comprehensive income. Additionally, the Group received Cash flow boost and other government grants $0.3 million as disclosed in the table above.

In FY22 no such Government Grants were received.

Other Income

Other income includes profit on sales of shares, property, plant and equipment, advertising subsidies from supplier and proceeds from insurance claim.

Interest income

Interest is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the financial instrument.

NOTE 7. SHARE OF PROFITS OF ASSOCIATES

	30 June 2022 $'000	30 June 2021 $'000
Share of net profits after tax of associates	628	776

	30 June 2022 $'000	30 June 2021 $'000
Share of Profits from Associates	309	717
Dividends received	319	59
Total share of profits from Associates	**628**	**776**

Share of Profits of Associates

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture.

When there has been a change recognised directly in equity of the associate of joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Additional detail on investments in Associates is included in Note 13.

NOTE 8. EXPENSES

	30 June 2022 $'000	30 June 2021 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	20,745	14,440
Depreciation, amortisation and impairment		
Amortisation of Acquired Franchise network (AUS & NZ)	808	–
Amortisation of Other Intangibles	118	27
Amortisation of bank establishment fee	28	–
Depreciation on Property, plant and equipment	3,801	3,463
Depreciation on Right-of-use assets	3,698	2,586
Total depreciation, amortisation and impairment	8,453	6,076
Employee benefits expense:		
Defined contribution plan	2,096	1,393
Payroll tax	1,286	874
Share-based payment expense	165	211
Wages and salaries	23,754	17,985
	27,301	20,463
Overhead expenses:		
Listed company and other compliance costs	382	365
Merchant fees	869	697
Office expenses	916	343
Professional and consulting fees	1,159	1,002
IT expenses and software subscriptions	761	235
Logistics expenses	586	158
Travel expenses	279	92
Insurance	737	467
Other expenses	878	947
	6,567	4,306
Finance costs		
Interest expenses – Leases	1,070	672
Interest expenses – Other	435	38
Finance costs expensed	1,505	710

Cost of Sales

Cost of sales mainly comprises the cost of cosmetic injectable supplies and SILK Owned branded products manufactured and supplied by third parties.

NOTE 9. INCOME TAX EXPENSE

	30 June 2022 $'000	30 June 2021 $'000
Income tax expense		
Current tax	3,637	3,806
Total deferred tax	(934)	(1,321)
Aggregate income tax expense	2,703	2,485
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	9,092	7,637
Tax at the statutory tax rate of 30%	2,728	2,291
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	123	191
Adjustment for deductible expenses/other taxable differences	15	–
Adjustment for non-deductible expenses/other non-taxable differences	(125)	3
Impact of tax rates applicable outside of Australia	(18)	–
Prior year under/over provision	(20)	–
Income tax expense	2,703	2,485

Income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Australia where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

From 1 September 2021, following the acquisition of the ASC Group, all of its wholly owned Australian resident subsidiary companies joined the tax consolidated group.

NOTE 10. CASH AND CASH EQUIVALENTS

	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Cash at bank and on hand	18,601	44,673

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTE 11. TRADE AND OTHER RECEIVABLES

	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Trade receivables	5,408	2,788
Less: Allowance for expected credit losses	(354)	(20)
Sub-Lease Receivables	3,479	881
Associate Shareholder Loans Receivable	1,276	1,164
	9,809	4,813
Non-current assets		
Sub-Lease Receivables	6,437	1,361
Associate Shareholder Loans Receivable	2,689	508
	9,126	1,869

2022 Trade Receivable Maturity Table	Current $'000	> 1 month $'000	> 2 months $'000	> 3 months $'000	Older $'000	Total $'000
Aged trade receivables	3,919	1,060	84	73	272	5,408

2021 Trade Receivable Maturity Table	Current $'000	> 1 month $'000	> 2 months $'000	> 3 months $'000	Older $'000	Total $'000
Aged trade receivables	2,140	194	324	115	15	2,788

Allowance for expected credit losses

Collectability of trade receivables, including sub lease receivables, are reviewed on an ongoing basis at an operating unit level. An impairment allowance is recognised in compliance with the simplified approach permitted by AASB 9, by recognising lifetime expected credit losses using a provision matrix. The matrix was developed to reflect historic default rates, with higher default rates applied to older balances. The approach is followed for all receivables unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable balance is written off. The amount of the impairment loss is recognised in the consolidated statement of comprehensive profit or loss. When a trade receivable for which an allowance for credit loss had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of profit or loss.

Recognition and measurement

Trade and Other Receivables are initially recognised at transaction price (invoice value) and subsequently measured at amortised cost, less an allowance for impairment losses (expected credit loss).

Trade receivables are non-interest bearing. Trade receivables generally have 30-60 day terms.

Associate shareholder loans receivable from joint ventures and franchisees have extended terms as these receivables relate to repayment of fit-out contributions for new clinics. Associate shareholder loans are repayable overtime as clinics move into cash positive trading positions.

Sub-leases receivable relates to receivable amounts from franchisees where the Group has entered into the premise lease arrangement as lessee and then sub-leased to the franchisee which is not part of the Group. The value recognised is the fair value of the expected lease repayments from the franchisee.

Trade and other receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date, in which case they are recognised at their present value, discounted using the appropriate interest rate.

NOTE 12. INVENTORIES

	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Stock on hand – at cost	5,340	2,979

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

NOTE 13. INVESTMENTS IN ASSOCIATES

SILK Laser Australia Limited accounts for the following entities as Associates via the equity accounting method in accordance with AASB 128 *Investments in Associates*.

Entity	June 2022 Group % Interest	Carrying Amount	June 2021 Group % Interest	Carrying Amount
SLC Marion Pty Ltd	47.5%	$108,290	50.0%	$150,511
SLC Casuarina Pty Ltd	50.0%	$301,674	50.0%	$266,377
SLC Maroochydore Pty Ltd	50.0%	$1	50.0%	$1
SLC Tea Tree Plaza	50.0%	$199,588	50.0%	$114,896
SLC Fairfield Pty Ltd	62.5%	$0	50.0%	$135,404
SLC Palmerston Pty Ltd	50.0%	$131,173	50.0%	$51,111
SLC Townsville Pty Ltd	75.0%	$0	50.0%	$50
SLC West Lakes Pty Ltd	50.0%	$137,508	50.0%	$77,713
SLC Bunbury Pty Ltd	50.0%	$50	50.0%	$50
SLC Wagga Pty Ltd	50.0%	$264,102	50.0%	$85,069
SLC Ipswich Pty Ltd	50.0%	$50	–	$50
SLC Toowoomba Pty Ltd	50.0%	$50	–	$0
SLC Cockburn Pty Ltd	50.0%	$100	100.0%	$0
SLC Charlestown Pty Ltd	40.0%	$40	70.0%	$0
ASC Epping Franchise Pty Ltd	50.0%	$50	–	$0
Total		**$1,142,676**		**$881,232**

The following entities are partnerships in which SILK has a 50% ownership and shares equal amounts of the profits or losses incurred by the relevant entity. These Partnerships were acquired as part of the ASC acquisition effective 1 September 2021.

	June 2022 Group interest %	Carrying amount
Partnerships between:		
SJM & PPM Pty Ltd and Venture in Altona Gate Pty Ltd	50%	(37,660)
Andreeva Enterprises PL & Venture in Broadmeadows Pty Ltd	50%	80,419
SJM & PPM Pty Ltd and Venture in Ferry Road Pty Ltd	50%	58,871
GCB Global Pty Ltd & Venture in Epping Pty Ltd	50%	41,939
Total		**143,569**
Total of Investments in Associates and Partnerships		**1,286,245**

	30 June 2022 $'000	30 June 2021 $'000
Summarised financial performance for all equity accounted investments:		
Profit after income tax	1,672	1,879
Summarised financial position for the year for all equity accounted investments:		
Gross net assets/(liabilities)	2,054	1,072

In accordance with AASB 12 *Disclosure of interest in other entities*, the summarised financial information presented above is the amounts included in the Australian Accounting Standards financial statements of the joint venture or associate and not SILK's share of those amounts.

Recognition and measurement

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture.

When there has been a change recognised directly in equity of the associate of joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 14. RIGHT-OF-USE ASSETS

Right-of-use assets

	30 June 2022 $'000	30 June 2021 $'000
Non-current assets		
Right-of-use asset	18,156	16,064
Less: Accumulated amortisation	(7,322)	(4,682)
	10,834	11,382
Movements in right-of-use asset		
Net carrying amount at beginning of year	11,382	9,030
Transfer of lease outside consolidation group	(1,919)	–
Lease Surrender	(927)	(232)
Re-measurement of Lease Liability	(414)	(20)
Lease modification	–	62
Lease commencement – Additions to right-of-use assets	5,628	5,128
Lease acquired as part of business combination	782	–
Depreciation	(3,698)	(2,586)
Net carrying amount at end of year	10,834	11,382

The Group has lease contracts for the rental of clinic outlets and head office premises and sub leases of some franchisee clinic outlets.

Within the lease agreements there are incentive clawback provisions which if certain circumstances arise these incentives are repayable to the landlord. The right-of-use asset above incorporates these incentives being utilised over the lease term, but if the clawback provisions are triggered this will result in lease modification and adjustment to the value of the right-of-use asset and lease liabilities currently recognised.

With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the Statement of Financial Position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of store sales) are excluded from the initial measurement of the lease liability and asset. These leases have an average life of between one and eight years at inception. There are no restrictions placed upon the lessee by entering into these leases. The leases contain varying terms, escalation clauses and renewal rights. On renewal, the lease terms are renegotiated.

Additions to the right-of-use assets during the year were $5.6 million.

Lease acquired as part of business combination of ASC were $0.8 million.

Recognition and measurement

The Group as a lessee

A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition the Group assesses whether:

- the contract contains an identified asset, which is explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all economic benefits from use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset throughout the period of use; and
- the Group assesses whether it has the right to direct 'how and for what purpose' the asset is used for.

At lease commencement, the Group recognises a right-of-use asset and a lease liability on the consolidated Statement of Financial Position. The right-of-use asset is measured at cost, less any accumulated amortisation and impairment losses, and adjusted for remeasurement of lease liabilities.

The cost of the right-of-use asset comprises the initial measurement of the lease liability, initial direct costs incurred when entering into the lease, an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site to the condition required by the terms and conditions of the lease, lease payments made in advance of the lease commencement date less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term as per the table below. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

Lease payments comprise fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or in the consolidated statement of profit or loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases (leases with an expected term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease term. Incentives for entering into short-term or leases of low-value assets are recognised evenly over the term of the lease.

NOTE 14. RIGHT-OF-USE ASSETS continued

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and benefits incidental to ownership of the underlying asset and classified as operating lease if it does not.

Where the Group acts as lessor and then sub-leases a premises to a franchisee, where substantially all the risks and benefits of incidental ownership are transferred, the head lease liability is recognised; the right-of-use asset is derecognised; and a lease receivable is recognised for the net investment in the sub-lease. Any differences between the right-of-use asset and the net investment in the sub-lease in recognised in Profit or Loss. During the term of the sub-lease, SILK recognises both interest income and the sub-lease and interest expense on the lead lease.

Practical expedient applied

AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions* came into effect from 1 June 2020. This Standard amends AASB 16 to provide a practical expedient permitting lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications. Instead, a lessee accounts for those rent concessions as if they were not lease modifications.

The reduction only affects payments which falls before June 2021 and there has been no substantive change in terms and conditions. Where the practical expedient has been applied, rent concessions are accounted for in the consolidated income statement.

NOTE 15. OTHER ASSETS

	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Prepayments	547	289
Non-current assets		
Bank guarantees on tenancies	449	1,463

Bank guarantees

Bank guarantees on tenancies relate to funds held on deposit to secure bank guarantees in favour of landlords upon inception of the lease and usually represent three months' rent, which is released to SILK upon vacating the tenancy.

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 $'000	30 June 2021 $'000
Non-current assets		
Leasehold improvements – at cost	11,292	10,048
Less: Accumulated depreciation	(4,790)	(3,049)
	6,502	6,999
Furniture and plant – at cost	18,404	16,592
Less: Accumulated depreciation	(6,251)	(4,797)
	12,153	11,795
	18,655	18,794

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvement $'000	Furniture and Plant $'000	Total $'000
Balance at 1 July 2020	5,133	8,152	13,285
Additions	3,191	6,524	9,715
Additions through business combinations	275	471	746
Disposals	(146)	(1,392)	(1,538)
Depreciation expense	(1,454)	(1,960)	(3,414)
Balance at 30 June 2021	6,999	11,795	18,794
Additions	1,616	1,761	3,377
Additions through business combinations	797	2,647	3,444
Disposals	(235)	(1,184)	(1,419)
Clinics ownership sold to outside the Group	(733)	(1,210)	(1,943)
Reclassified from Inventory	–	203	203
Depreciation expense	(1,942)	(1,859)	(3,801)
Balance at 30 June 2022	6,502	12,153	18,655

Recognition and measurement

Leasehold improvements, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of fixed asset:	Depreciation Rate
Leasehold improvements	Lease Term
Plant and equipment	10% to 33%

NOTE 16. PROPERTY, PLANT AND EQUIPMENT continued

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, and when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Resulting adjustments are applied via an impairment adjustment in the appropriate period and result in an increase to the depreciation charge in that same period.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or CGU's are then written down to their recoverable amount. Any impairment loss is recognised in the consolidated statement of profit or loss.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit of loss and other comprehensive income.

NOTE 17. INTANGIBLE ASSETS

	30 June 2022 $'000	30 June 2021 $'000
Non-current assets		
Goodwill	62,968	27,684
Franchise system development – at cost	76	76
Less: Accumulated amortisation	(22)	(19)
	54	57
Brand name – at cost	580	–
Patents and trademarks – at cost	91	73
Less: Accumulated amortisation	(12)	(8)
	79	65
Franchise network (Australia & New Zealand)	20,730	–
Less: Accumulated amortisation	(808)	–
	19,922	–
Website and software – at cost	574	325
Less: Accumulated amortisation	(296)	(213)
	278	112
	83,881	27,918

Movements in Intangibles

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	SILK Franchise System $'000	SILK Goodwill $'000	ASC Franchise network $'000	ASC Brand name $'000	ASC Goodwill $'000	Combined Intellectual property $'000	Combined Website and Software $'000	Total $'000
Balance at 1 July 2020	76	27,350	–	–	–	60	118	27,604
Additions	–	–	–	–	–	13	43	56
Additions through business combinations	–	334	–	–	–	–	–	334
Amortisation expense	(19)	–	–	–	–	(8)	(49)	(76)
Balance at 30 June 2021	57	27,684	–	–	–	65	112	27,918
ASC Acquisition (Note 4)	–	–	20,730	580	34,670	–	50	56,030
Additions through business combinations	–	488	–	–	–	–	–	488
Additions	–	126	–	–	–	18	227	371
Amortisation expense	(3)	–	(808)	–	–	(4)	(111)	(926)
Balance at 30 June 2022	54	28,298	19,922	580	34,670	79	278	83,881

SILK's CGU's

Key assumptions used in value in use calculation and sensitivity to changes in assumptions

The Group performed its annual impairment testing as at 30 June 2022. The recoverable amount of SILK's CGU's is determined based on the value in use calculation using cash flow projections derived from financial budgets approved by senior executives and the board of directors, extrapolated over a five-year forecast period. The projected cash flows have been updated to reflect the increase in demand for non-surgical aesthetic services and high-quality skincare products.

SILK concluded that the individual clinics are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets as supported by stores exiting and entering the Group over the past three years.

However, goodwill cannot be allocated to individual CGU's on a reasonable basis and therefore impairment testing of the goodwill was performed by aggregating the various CGU's and testing at the aggregated level.

There are two operating segments that are aggregated being the SILK segment and the ASC segment. Impairment analysis was performed over these two operating segments individually.

Using the assumptions detailed below there are no indicators of impairment present and the recoverable amount exceeds the carrying value of goodwill at 30 June 2022.

NOTE 17. INTANGIBLE ASSETS continued

	SILK's aggregated CGU $'000	ASC's aggregated CGU (FY22 only) $'000
Carrying amount of Goodwill	$28,298	$34,670
Carrying amount of Intangible assets with indefinite useful lives		$ 580
Basis used to determine recoverable amount	Value in Use	Value in Use
Key assumptions used:		
– Post tax discount rate	12.2% (FY21: 12.1%)	11.1%
– Annual Growth rate	8% (FY21: 8.5%)	5%
– Perpetuity Growth rate	2.5% (FY21: 2.5%)	3%
– Period covered for projected cash	5 years	5 years

When determining the assumptions to be used in the Value in Use model, SILK's management make use of past experience, market guidance, comparisons to similar sized entities with the same business model and external sources of information.

The calculation of value in use is most sensitive to the following assumptions:

Gross margins	Gross margins are based on average values achieved in the four years preceding the beginning of the budget period.
Discount rates	The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account the cost of both debt and equity. The cost of equity is determined by the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service rate as well as a margin that takes into consideration both industry and company specific risk factors. Specific risk is incorporated by applying individual Beta factors which are evaluated against publicly available market data.
Market share during the forecast period	When using industry data for growth rates, these assumptions are important because management assess how the Group's position, relative to its competitors, might change over the forecast period.
Growth rates	Rates are based on published industry, company research, management's best estimates of anticipated growth in the short to medium term and considering the historical average sales growth achieved in the past.

Sensitivity analysis

Management recognises that the recoverable amount is sensitive to the assumptions used in the model. If all of the following scenarios occur simultaneously, the recoverable amount of the aggregated CGU's would still equal its carrying amount:

SILK	ASC
• Reduction in gross margin of 10%	• Reduction in gross margin of 10%
• Growth in the terminal year decreased from 2.5%, to 1.5%; and	• Growth in the terminal year decreased from 3%, to 2.5%; and
• the discount rate increased from 12.2%, to 17%	• the discount rate increased from 11.1%, to 15%

The Group believes the assumptions adopted in the value in use calculations reflect an appropriate balance between the Group's experience to date and the uncertainties associated with the COVID-19 pandemic. Whilst temporary store closures resulting from Government restrictions may impact short-term financial performance, the timing and nature of these closures is not expected to impact the Group financial results in the long-term.

Recognition and measurement

Class of Intangible	Amortisation rate
Brand name	Indefinite Life
Franchise and System Development	5%
Goodwill	Indefinite Life
Patents and Trademarks	5% – 10%
Website and Software	20% – 33.3%

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill acquired on a business combination is initially measured at cost being the excess of the fair value of consideration transferred over the Group's interest in the acquisition-date net fair value of the acquirees' identifiable assets and liabilities.

Following initial recognition, goodwill is not amortised but measured at cost less any accumulated impairment losses.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU's) or groups of CGU's that are expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or groups of CGU's to which the goodwill relates.

Where goodwill forms part of a CGU or groups of CGU's and part of the operation within that unit or group of units are amount of the operation disposed of, the goodwill associated with the operation disposed of is included in the carrying when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative EBITDA contribution of the CGU disposed of to the total group of CGU's.

Where the recoverable amount of CGU's are less than the carrying amount, an impairment loss is recognised separately as an expense in the statement of profit or loss and other comprehensive income.

Patents and trademarks

Patents and Trademarks have finite useful life's and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method and is based on the expected useful life of the asset.

Patent have been granted for a period of 10 – 20 years by the relevant government agency with an option of renewal at the end of this period.

Website and software

Software assets have finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method and is based on the expected useful life of the software asset.

Borrowing costs

Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

NOTE 18. DEFERRED TAX

	30 June 2022 $'000	30 June 2021 $'000
Non-current deferred tax balances		
Deferred tax Asset	13,385	8,507
Deferred tax Liability	11,045	5,274

	30 June 2022 $'000	30 June 2021 $'000
Deferred tax assets		
Trade and other receivables	106	43
Property, plant and equipment	1,387	743
Trade and other payables	641	455
Leases	3,973	4,229
Provisions	591	391
Unused tax losses	898	926
Intangibles	4,351	7
Blackhole expenditure	1,424	1,713
Inventory	14	–
Deferred tax asset	**13,385**	**8,507**

	30 June 2022 $'000	30 June 2021 $'000
Deferred tax liabilities		
Property, plant and equipment	1,950	1,799
Intangible assets	5,991	–
Lease Liabilities	3,104	3,475
Deferred tax liability	**11,045**	**5,274**

Recognition and measurement

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences, using the liability method, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 18. DEFERRED TAX continued

Tax Consolidation

SILK Laser & Skin Holdings Pty Ltd and its 100% owned Australian resident subsidiaries formed a tax consolidated group effective from 31 January 2018.

From 10 December 2020 SILK Laser Australia Limited was interposed as the head entity of the tax consolidated group.

From 1 September 2021, following the acquisition of the ASC Group, all of its wholly owned Australian resident subsidiary companies joined the tax consolidated group.

Members of the Group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate SILK Laser Australia Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SILK Laser Australia Limited under the tax consolidation legislation. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes.* Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTE 19. TRADE AND OTHER PAYABLES

	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Trade creditors	7,395	6,822
Other payables	772	176
Accrued expenses	3,177	2,669
	11,344	9,667

Recognition and measurement

Trade and other payables are carried at original invoice amount and represent liabilities for goods and services provided to the Group to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured, non-interest bearing and are paid within terms ranging from 14 to 90 days from recognition.

Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Wages, salaries, annual leave and bonuses

Liabilities for wages and salaries including non-monetary benefits, expected to be settled within 12 months of the reporting period are recognised in other payables and accruals in respect of employees' services up to the reporting date. Liabilities in relation to bonuses are recognised in other payables and accruals where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for annual leave are recognised in annual leave accrued in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

NOTE 20. CONTRACT LIABILITIES

	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Unearned revenue	9,385	8,996
Initial franchise fees	129	295
Franchise deposits	17	20
	9,531	9,311
Non-current liabilities		
Initial franchise fees	284	150

Recognition and measurement

As explained in Note 5, the Group recognises a contract liability to the extent of unsatisfied performance obligations. Revenue is recognised when the Group satisfies these performance obligations, which is usually once the treatment has been administered to the respective client. Unearned revenue liabilities represent the Group's obligation to transfer goods or services to a customer that have been paid for in advance.

NOTE 21. BORROWINGS

	30 June 2022 $'000	30 June 2021 $'000
Non-current liabilities		
Bank loans	22,500	–
Less: Transaction costs net of amortisation	(114)	–
	22,386	–

The Group holds a four-year term acquisition related debt facility agreement of $30 million with Westpac Bank, with repayments of up to $2.5 million per year (depending on the level of net debt), which commenced on 30 August 2021 and matures on the fourth anniversary, 30th August 2025.

The agreement includes additional facilities relating working capital finance ($3 million) and the provision of bank guarantees to landlords ($3 million), which will provide further liquidity to the Group. The total facilities including the debt facility above are $36 million.

The facility has covenants relating to net leverage based on the ratio of EBITDA to net debt ("Net Leverage Ratio") and the ratio EBITDA to interest and rent expenses ("Fixed Charge Cover Ratio").

The Net Leverage Ratio covenant requires that the measure of EBITDA (on a pre AASB 16 basis and including the Group's share of joint ventures companies' EBITDA), compared with net debt (including unearned revenue) must remain below 3.0 times on a rolling twelve months' basis. This covenant is measured at the end of each quarter. From 30 September 2023 this measure must remain within 2.75 times and from 30 September 2024 must remain within 2.5 times.

The Fixed Charge Over Ratio covenant requires that the ratio of EBITDA (as measured above) plus rent expenses (measured on a pre IFRS 16 basis), versus net interest cost plus rent expenses (measured on a pre AASB 16 basis), must not fall below 1.5 times on a rolling twelve months' basis. This covenant is also measured at the end of each quarter.

The covenants were complied with during the year.

Repayments of $2.5 million per year are required once the Net Leverage Ratio covenant measure is above 1.5 times. This is currently not the case.

The rate of interest charged is based on the bank's bill swap rate (known as BBSY and usually is close to the RBA's cash minimum lending rate) plus a margin. The margin under the facility agreement ranges between 1.85% and 2.45% depending on the Net Leverage Ratio and the margin is currently charged at 1.85%. Interest is currently payable on the debt facility at the total rate of 3.7%. The facilities also carry a line fee for undrawn and available facilities equal to 40% of the prevailing margin.

As at 30 June 2022, there was $22.5 million withdrawn under the facility, which was used to fund the acquisition of ASC, leaving $7.5 million in potential available capacity for permitted acquisition purposes under the loan. The working capital facility remains undrawn and the amount of the guarantee facility drawn equals $1,902 thousand.

Transaction costs associated with entering into the bank facility were $144 thousand and will be amortised over the initial term of the facility.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTE 22. LEASE LIABILITIES

	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Lease Liability	7,815	4,247
Lease liability – Asset Finance	–	569
	7,815	4,816
Non-current liabilities		
Lease Liability	14,992	11,583
Movements in lease liabilities		
Balance at beginning of year	16,399	14,783
Leases acquired as part of business combinations	12,737	–
Commencement of lease	3,441	4,882
Increase in lease term	–	1,057
Re-measurement	(107)	(816)
Clinic ownership sold to outside the Group	(1,923)	(777)
Principle re-payments Lease Liabilities	(7,733)	(3,631)
Interest on Right-of-Use	1,069	671
Surrender of lease	(628)	(114)
Lease Incentives recognised	120	732
Principle re-payments Asset Finance	(569)	(426)
Interest on Asset finance	1	38
Balance at end of year	22,807	16,399

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index, or a rate amount expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 23. INCOME TAX PAYABLE

	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Provision for income tax	891	3,329

	30 June 2022 $'000	30 June 2021 $'000
Franking account balance	10,239	2,189

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Australia where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTE 24. PROVISIONS

	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Provision for employee entitlements	1,718	1,129
Onerous contracts provision – ASC acquisition	1,401	–
	3,119	1,129
Non-current liabilities		
Provision for employee entitlements	260	90
Deferred lease incentives	59	190
Onerous contracts provision – ASC acquisition	105	–
Provision for make good – leased properties	802	374
	1,226	654

Movements in lease related provisions

Movements in lease related provisions are set out below:

	30 June 2021 $'000	30 June 2020 $'000
Lease related provisions:		
Opening balance beginning of year	374	248
Provision for make good – leased properties	428	126
Balance at end of year	802	374

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost, except for employee entitlements.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Accounting policy for employee benefits

The current employee benefits provision represents the unconditional entitlements to long service leave where the employee has completed their required service period. The non-current provision for employee benefits represents conditional long service leave entitlements and employee entitlements expected to be settled outside 12 months. Liabilities for long service leave are measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Make good provision

The Group is required to restore the leased premises of its retail clinics and head office to their original condition at the end of the respective lease terms. The Group estimates its liability to provide for the restoration by reference to historical data and by present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the right-of-use asset and are amortised over the shorter of its estimated useful life and the lease term. Assumptions used to calculate the provision were based on current assessments of the timing of the restoration liability crystallising and on current restoration costs.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

NOTE 25. SHARE CAPITAL

	Year Ended 30 June 2022 Share Capital Number	Year Ended 30 June 2021 Share Capital Number	Year Ended 30 June 2022 $'000	Year Ended 30 June 2021 $'000
Opening balance	51,766,609	36,567,139	73,746	36,568
Share issue as part of the ASC acquisition	1,142,318	–	4,560	–
Listing rights vested and exercised	101,449	–	350	–
Partially paid shares	–	3,549,366	–	–
Shares issued prior to IPO	–	78,431	–	206
Pre-IPO capital return	–	–	–	(5,400)
A class shares converted to ordinary	–	1,123,409	–	1,336
Proceeds from call on shares	–	–	–	3,960
Issue of shares – IPO	–	5,797,101	–	20,000
Net costs (After Tax Effect) associated to IPO	–	–	–	(2,375)
Issue of Shares – Share Placement	–	4,651,163	–	20,000
Net costs (After Tax Effect) associated to Share Placement	–	–	–	(549)
Repayments of Employee Share Scheme loans	–	–	228	–
Closing balance	**53,010,376**	**51,766,609**	**78,884**	**73,746**

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $'000	30 June 2021 $'000
Ordinary shares – fully paid	53,010,376	51,766,609	78,884	73,746

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

A Class Shares

A Class shares refers to the Employee Share Scheme in which senior executives and management participated in prior to the IPO. All A class shares were converted to Ordinary Shares immediately before the IPO.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group will continue to grow its clinic network in line with the strategy stated at the time of the IPO, and this will be achieved through a combination of new clinic openings and strategic acquisitions of clinics and clinic networks.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTE 26. SHARE-BASED PAYMENTS RESERVE

	30 June 2022 $'000	30 June 2021 $'000
Share-based payments reserve	485	425

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Refer to Note 38 for detailed disclosures for share-based payments including the inputs into the valuation models.

NOTE 27. NON-CONTROLLING INTEREST

	30 June 2022 $'000	30 June 2021 $'000
Paid up capital/Retained losses	(27)	(66)

NOTE 28. FAIR VALUE MEASUREMENT

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	30 June 2022 $	30 June 2021 $
Audit services – Grant Thornton		
Audit or review of the financial statements	140,478	101,500
Other services – Grant Thornton		
Tax Compliance	30,800	16,000
Transaction services – IPO and acquisition	41,418	630,000
	72,218	646,000
	212,696	747,500

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

NOTE 30. RELATED PARTY DISCLOSURES

Interest in subsidiaries are disclosed in Note 33 which also include details of the Holding company. Investment in Associates are disclosed in Note 13.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

(a) KMP Remuneration details

Compensation to KMP's are disclosed below which is the total amount recognised as an expense during the reporting period.

	2022	2021
Non-Executive Directors		
Director's fees	275,716	200,846
Offer & Prospectus Fees	–	2,750
Superannuation defined contribution	–	3,270
Share-based payments	–	113,262
	275,716	320,128
Senior Executives		
Cash salary	783,237	806,814
STI/bonus	233,940	249,858
Annual/long service leave	239,796	185,695
Superannuation defined contribution	78,638	73,952
Share-based payments	376,894	414,476
	1,712,505	1,730,795
Payment to Advent Partners for consulting fees	57,173	73,051
	2,045,394	2,123,974

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Transactions with related parties

The following transactions occurred with related parties:

	30 June 2022 $	30 June 2021 $
Franchise fees to Joint Ventures	4,294,001	3,003,309
Sale of products to Joint Ventures	7,128,756	4,224,980
Other income:		
Interest received from Associates	118,885	39,135
Accounting fees paid to Parent Companies and it's wholly owned fellow subsidiaries	73,400	66,000
Administration fees paid to Parent Companies and it's wholly owned fellow subsidiaries	201,543	133,628

NOTE 30. RELATED PARTY DISCLOSURES continued

(c) Receivable from related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30 June 2022 $	30 June 2021 $
Receivables:		
Associate Joint Venture Shareholder Loans Receivable	1,131,781	1,672,363
Associate Joint Venture Sub-Lease Receivables	9,915,717	2,242,000

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022 $'000	30 June 2021 $'000
Loss after income tax	(2,701)	(2,538)
Total comprehensive income	(2,701)	(2,538)

Statement of financial position

	Parent	
	30 June 2022 $'000	30 June 2021 $'000
Total current assets	8,541	39,382
Total assets	82,349	78,537
Total current liabilities	885	3,720
Total liabilities	831	3,027
Equity		
Share Capital	82,532	77,623
Share-based payments reserve	320	425
Accumulated losses	(1,334)	(2,538)
Total equity	81,518	75,510

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

Contingent liabilities

The Parent entity had lease guarantees of $2,350,398 as at 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 32. GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

		Ownership interest	
Name	Principal place of business/ Country of incorporation	30 June 2022 %	30 June 2021 %
M3K Holdings Pty Ltd	Australia	100.0%	100.0%
M3K Services Pty Ltd	Australia	100.0%	100.0%
SILK Laser & Skin Group Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinics Pty Ltd	Australia (Dormant)	100.0%	100.0%
SILK Laser Clinic Henley Beach Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Adelaide Pty Ltd	Australia	100.0%	100.0%
SILK Laser Corporate Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Eastlands Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Elizabeth Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Hyde Park Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Norwood Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Rundle Mall Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Australia Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Noarlunga Pty Ltd	Australia	100.0%	100.0%
SILK Laser Franchise Holdings Pty Ltd	Australia	100.0%	100.0%
SILK Laser Franchising Pty Ltd	Australia	100.0%	100.0%
SLC Cairns Pty Ltd	Australia (Dormant)	100.0%	100.0%
SLC Booragoon Pty Ltd	Australia	100.0%	100.0%
SLC Carousel Pty Ltd	Australia	100.0%	100.0%
SLC Innaloo Pty Ltd	Australia	100.0%	100.0%

NOTE 32. GROUP INFORMATION continued

		Ownership interest	
Name	Principal place of business/ Country of incorporation	30 June 2022 %	30 June 2021 %
SLC Leasing Pty Ltd	Australia	100.0%	100.0%
SLC Midland Gate Pty Ltd	Australia	75.0%	100.0%
SLC Ocean Keys Pty Ltd	Australia	100.0%	100.0%
SLC Perth Pty Ltd	Australia	100.0%	100.0%
SLC Baldivis Pty Ltd	Australia	100.0%	100.0%
SLC Ellenbrook Pty Ltd	Australia	75.0%	100.0%
SLC Rockingham Pty Ltd	Australia	100.0%	100.0%
SLC Whitford City Pty Ltd	Australia	100.0%	100.0%
Aesthetics Skincare Pty Ltd	Australia	100.0%	100.0%
TLL Silk Pty Ltd	Australia	100.0%	100.0%
SLC Joondalup Pty Ltd	Australia	100.0%	100.0%
SLC Karrinyup Pty Ltd	Australia	100.0%	100.0%
SLC Bundaberg Pty Ltd	Australia	100.0%	–
SLC Burnside Pty Ltd	Australia	100.0%	100.0%
SLC Strathpine Pty Ltd	Australia	75.0%	100.0%
SLC Morley Pty Ltd	Australia	100.0%	100.0%
SLC Noarlunga North Pty Ltd	Australia	100.0%	100.0%
SILK Laser Clinic Glenelg Pty Ltd	Australia	75.0%	75.0%
SLC Rockhampton Pty Ltd	Australia	75.0%	75.0%
SLC Mackay Pty Ltd	Australia	90.0%	75.0%
SILK Laser Clinic Hobart Pty Ltd	Australia	75.0%	75.0%
SLC Belconnen Pty Ltd	Australia	75.0%	75.0%
SLC Burleigh Pty Ltd	Australia	100.0%	75.0%
SLC Woden Pty Ltd	Australia	100.0%	75.0%
SLC Warwick Pty Ltd	Australia	100.0%	100.0%
SLC Cockburn Pty Ltd	Australia	50.0%	100.0%
Beauty Services Pty Ltd	Australia	100.0%	–
Clinic Leasing Pty Ltd	Australia	100.0%	–
Silk Laser & Skin Holdings Pty Ltd	Australia	100.0%	100.0%
ASC Master Franchise Pty Ltd	Australia	100.0%	–
ASC Hold Co Pty Ltd	Australia	100.0%	–
ASC IP Holdings Pty Ltd	Australia	100.0%	–
ASC Leasing Pty Ltd	Australia	100.0%	–
ASC MacArthur Square Pty Ltd	Australia	100.0%	–
ASC Warringah Mall Pty Ltd*	Australia	75.0%	–
Australian Skin Clinics Marketing Fund Pty Ltd	Australia	100.0%	–
Forward Scout Enterprises Pty Ltd	Australia	100.0%	–

Name	Principal place of business/ Country of incorporation	Ownership interest 30 June 2022 %	30 June 2021 %
Beauty Services (New South Wales) Pty Ltd	Australia	100.0%	–
Beauty Services Holdings Pty Ltd	Australia	100.0%	–
Cosmetic Clinic Ltd	New Zealand	100.0%	–
LMD2 Pty Ltd	Australia	100.0%	–
The Advanced Skills Academy Pty Ltd	Australia	100.0%	100.0%
Venture in Altona Gate Pty Ltd	Australia	50.0%	–
Venture in Broadmeadows Pty Ltd	Australia	50.0%	–
Venture in Ferry Road Pty Ltd	Australia	50.0%	–
Venture in Woodgrove Pty Ltd	Australia	50.0%	–
SLC Mandurah Pty Ltd	Australia	100.0%	–
SLC Morayfield Pty Ltd*	Australia	75.0%	–
SLC Fairfield Pty Ltd	Australia	62.5%	50.0%
SLC Townsville Pty Ltd	Australia	75.0%	50.0%

* Entities registered during 2022.

The holding company

The immediate and ultimate holding company is SILK Laser Australia Limited which is based and registered in Australia.

Its registered office and principal place of business is:

Level 1, 137 The Parade,
Norwood SA 5067

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2022 the Group completed an agreement to purchase the assets, including franchise agreements, of Unique Laser, a group of five franchised clinics located in Victoria, with four traditional franchises and one corporate clinic, expanding the Group's presence on the East Coast in locations complementary to the existing network. The consideration for the acquisition was $600,000, paid from existing cash resources. The acquisition is expected to be earnings accretive by approximately $200,000 after tax. A full purchase price allocation has yet to be completed.

NOTE 34. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2022 $'000	30 June 2021 $'000
Profit after income tax expense for the year	6,389	5,152
Adjustments for:		
Depreciation and amortisation	8,453	6,076
Net gain on disposal of property, plant and equipment	(86)	(107)
Share of profit – associates	(628)	(776)
Share-based payments	411	1,228
IPO Costs	–	3,633
Share transaction costs	2,175	1,449
Profit on sale of shares	(423)	–
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	232	(647)
Increase in inventories	(1,193)	(922)
Increase in deferred tax assets	(1,115)	(4,146)
Decrease/(increase) in prepayments	(1,797)	856
Increase in Sub-Lease receivables	3,699	450
(Decrease)/Increase in Right-of-Use Asset	(2,957)	984
Increase in trade and other payables	1,327	4,154
Increase/(decrease) in employee benefits	(1,130)	534
Increase in income taxes payable (including deferred tax)	–	5,112
Increase in unearned income	(899)	898
Increase in lease liabilities	3,557	1,297
Decrease in tax liabilities	(3,995)	–
Net cash from operating activities	12,020	25,225

NOTE 35. EARNINGS PER SHARE

	30 June 2022 $'000	30 June 2021 $'000
Profit after income tax	6,389	5,152
Non-controlling interest	(1)	(134)
Profit after income tax attributable to the owners of SILK Laser Australia Limited	6,388	5,018

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	52,776,781	42,481,289
Adjustments for calculation of diluted earnings per share:		
Employee share scheme	–	1,060,384
Listing award	101,449	112,289
Performance rights	200,705	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	53,078,935	43,653,962

	Cents	Cents
Basic earnings per share	12.10	11.81
Diluted earnings per share	12.03	11.49

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SILK Laser Australia Limited, by the weighted average number of ordinary shares outstanding during the financial half-year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to the owners of SILK Laser Australia Limited by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 36. SHARE-BASED PAYMENTS

Movements in share-based payments reserve for the year ended 30 June 2022:

Share-based payment reserve	30 June 2022 $'000
Opening balance – 1 July 2021	425
Share-based payments – Listing award	245
Share-based payments – Performance rights	165
Listing rights vested and exercised	(350)
Closing balance – 30 June 2022	485

The opening balance of share-based payments related to options issued to employees under a limited recourse loan arrangement. This arrangement gave rise to options and were accounted for as a share-based payment in accordance with AASB 2 *Share Based payments.*

During the prior period the employee share scheme (ESS) via the limited recourse loan arrangement options have vested per the relevant criteria of an exit transaction taking place (IPO event). A transfer from the share-based payment reserve to share capital took place on the transfer from A class shares to ordinary shares.

Listing Award

The rights to shares of the Chair and other KMPs relate to a once off Listing Bonus Award. Vesting is subject to the Board determining that the participant's performance from the grant date up until the relevant vesting date is consistent with the terms of their employment agreement. Rights are automatically exercised on vesting and subject to meeting vesting criteria, the rights to the shares would vest as follows:

Rights Granted	Number of Rights	Grant Date	Vesting Date	Fair Value at grant date $	Fair Value at grant date $
10 Dec 2020	57,971	15/12/2020	31/08/2021	3.45	200,000
10 Dec 2020	57,971	15/12/2020	31/08/2022	3.45	200,000
10 Dec 2020	28,985	15/12/2020	31/08/2021	3.45	100,000
10 Dec 2020	28,986	15/12/2020	31/08/2022	3.45	100,000
10 Dec 2020	14,492	15/12/2020	31/08/2021	3.45	50,000
10 Dec 2020	14,493	15/12/2020	31/08/2022	3.45	50,000
	202,898				700,000

The share-based payment charge arising in relation to the above rights to 30 June 2021 was $0.4 million. The remaining fair value will be expensed over the remaining vesting period.

Fair Value of share Rights granted during the period (Rights)

Fair value of the Rights was determined based on the IPO listing price of $3.45, with an exercise price of zero. The fair value of the rights granted during the financial year ended 30 June 2022 was $0.7 million (2021: $nil).

Performance Rights

During FY22 LTI Performance Rights were granted to a number of senior employees. The Performance Rights will vest and convert to fully paid ordinary shares at no cost upon the achievement of certain performance hurdles, subject to a 'total shareholder return' or 'TSR' growth gateway.

The performance hurdle is SILK's 'earnings per share' or 'EPS' growth. The baseline is 16.75 cents. The Performance Rights will vest according to the following schedule,

Earnings Per Shares CAGR	% of Rights eligible to vest
Less than 10%	Nil
10%	20%
Between 10% and 20%	Straight line pro-rata vesting between 20% and 100%
20% or above	100%

The minimum 'total shareholder return' or 'TSR' growth needed to open the gateway is 10%. The baseline is $3.93. The gateway will be measured over the period 1 September 2021 to 31 August 2024.

Rights granted	Number of rights	Vesting date	Value per right at grant date	Total fair value at grant date
01/10/2021	318,906	01/09/2024	2.39	762,185

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

NOTE 37. SUMMARY OF OTHER ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of SILK Laser Australia Limited and its subsidiaries (the Group).

Subsidiaries are those entities (including structured groups) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities over the entity. Subsidiaries are fully consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which control is transferred out of the Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

NOTE 37. SUMMARY OF OTHER ACCOUNTING POLICIES continued

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts assets and liabilities within the next financial year are addressed in the following notes:

Note		Note	
11	Expected credit loss	18	Income taxes and deferred taxes
16	Property, plant and equipment	24	Provisions & Employee Provisions
14	Right-of-Use Assets & Lease Liabilities	20	Contract Liabilities
17	Intangible Assets and Goodwill	36	Share-based payments

Critical accounting estimates and judgements continued

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Comparative information

The Group has consistently applied its accounting policies to all periods presented in these consolidated financial statements. However, changes to presentation of items in the statement of profit or loss have occurred.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

DIRECTORS' DECLARATION

30 JUNE 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Boris Bosnich
Chair and Non-Executive Director

29 September 2022
Adelaide

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Independent Auditor's Report

To the Members of SILK Laser Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of SILK Laser Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Australia Skin Clinics ('ASC') **Note 4**	
On 31 August 2021, Silk Laser Australia Limited acquired 100% of Beauty Service Holdings Pty Ltd and its wholly owned subsidiaries (together referred to as Australian Skin Clinics Group (ASC)) through subsidiary M3K Holdings Pty Ltd. The agreed purchase consideration was $52 million comprising $47 million of cash, subject to working capital and net debt adjustments, and up to $5 million of new Silk Laser Australia Limited shares contingent on the achievement of certain milestones, which at the acquisition date, the Group determined would be met. This transaction has been accounted for as a business combination in accordance with AASB 3 Business Combinations. Various identifiable intangible assets, including Brand names and Franchise networks, totalling $21.3 million, have been recognised. $34.7 million in goodwill, the difference between identified net assets and consideration paid, was brought to account. This area is a key audit matter due to the financial significance of the transaction, the high level of estimates and judgement involved in identifying and valuing intangible assets, including valuation techniques applied and assessing the fair value of other identifiable net assets acquired.	Our procedures included, amongst others: • Reading the transaction documents to understand the key terms and conditions of the acquisition; • Evaluating the methodologies used for the acquisitions accounting against accounting standard requirements; • Assessing the capability, competency, and objectivity of managements experts engaged to advise on the identification and valuation of relevant identifiable intangible assets; • Evaluating the valuation methodology used by the Group to determine the fair value of remaining assets and liabilities acquired, considering accounting standard requirements, and observed industry practices. • In conjunction with our valuation specialists, challenging the key assumptions used by the Group and their external experts in determining the fair value of assets acquired by: – Assessing the useful life allocated to identified assets, using our knowledge of the Group, its business and customers, and our industry experience. – Comparing the inputs used by the independent expert to underlying documentation. – Analysing the discount rates applied against our knowledge of the industry and publicly available data of comparable entities; and – Testing the mathematical accuracy of the purchase price allocation and recognition of goodwill; – Assessing the adequacy of the Group's disclosures regarding the Business Combination.

Key audit matter	How our audit addressed the key audit matter
Carrying Value of Goodwill **Refer to Note 16**	
Goodwill is allocated to the Group's cash-generating units (CGUs), which are consistent with the Group's segments (SILK $28.2 million and ASC $34.7 million). During the annual review for impairment, the Group determined the recoverable amount for each CGU using discounted cash flow valuation models (value in used models), which rely on significant assumptions and estimates of future trading performance in line with AASB 136 *Impairment*. The carrying value of goodwill is a key audit matter due to: • the financial significance of the goodwill balance; • the significant judgement involved in calculating the recoverable amount, including forecasting future cash flows; and • estimating the discount and terminal growth rates.	Our procedures included, amongst others: • Understanding and evaluating the Group's processes and controls related to annual impairment assessments of goodwill and brands in light of the requirements of AASB 136; • Assessed the appropriateness of managements judgement of identification of cash generating units; • Comparing actual results with budgets to assess the reliability of the forecasts used in the cash flow models; • Reviewing the assumptions and judgments within Management's model to assess the consistency with the current trends in the Australian retail services industry; • Together with our valuation experts, assessing the valuation methodology and mathematical accuracy of the models and comparing the discount rate and growth rate assumptions to market observable inputs; • Evaluating the adequacy of the disclosures made in the financial report in light of the requirements of Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SILK Laser Australia Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 September 2022

SHAREHOLDER INFORMATION

30 JUNE 2022

Additional information as at 1 September 2022 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

HOME EXCHANGE

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

CLASS OF SHARES AND VOTING RIGHTS

Voting rights

The voting rights attached to ordinary shares are set out below.

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

DISTRIBUTION OF SHAREHOLDERS

As at 1 September 2022, the total distribution of fully paid shareholders, being the only class of equity, was as follows:

Range	Total holders	Units	% Units
1 – 1,000	887	376,021	0.71
1,001 – 5,000	902	2,338,656	4.40
5,001 – 10,000	321	2,332,025	4.39
10,001 – 100,000	229	5,750,852	10.83
100,001 Over	28	42,323,623	79.67
Total	**2,367**	**53,121,177**	**100.00**

As at 1 September 2022, 201 shareholders held less than marketable parcels of 192 shares.

ON MARKET BUY BACK

There is currently no on market buy-back.

SUBSTANTIAL HOLDERS

Holdings of substantial shareholders are set out below.

Substantial holder	Quantity
Firetrail Investments Pty Ltd	2,712,985
Ice Investors Pty Ltd	4,091,289
Advent Partners	6,640,305
Wilson Asset Management Group	5,313,507
FIL Limited	5,267,767
Martin Perelman Nominee Pty Ltd	2,878,398

SHAREHOLDER INFORMATION continued

TWENTY LARGEST SHAREHOLDERS

As at 1 September 2022 the twenty largest quoted shareholders held 77.98% of the fully paid ordinary shares as follows:

Rank	Name	Units	%
1	CITICORP NOMINEES PTY LIMITED	8,213,313	15.46
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,430,141	13.99
3	ADVENT PARTNERS 2 FUND LP	6,640,305	12.50
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,487,724	12.21
5	NATIONAL NOMINEES LIMITED	4,349,091	8.19
6	WC CAPITAL PTY LTD	1,562,999	2.94
7	MARTIN PERELMAN NOMINEES PTY LTD <M PERELMAN INVESTMENT A/C>	1,406,699	2.65
7	MARTIN PERELMAN NOMINEES PTY LTD <M PERELMAN INVESTMENT A/C>	1,406,699	2.65
9	MATTHEW PHILLIPS NOMINEES PTY LTD <M PHILLIPS INVESTMENT A/C>	937,799	1.77
10	M YATES NOMINEES PTY LTD <M YATES INVESTMENT A/C>	591,000	1.11
11	A LATTOUF SP PTY LTD <A LATTOUF SP FIXED A/C>	371,253	0.70
12	CROWNACE PTY LTD	350,000	0.66
13	J LATTOUF SP PTY LTD <J LATTOUF SP FIXED A/C>	346,503	0.65
14	BNP PARIBAS NOMS PTY LTD <DRP>	268,447	0.51
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	252,177	0.47
16	WIMA NO.2 PTY LTD <WIMA NO. 2 A/C>	170,205	0.32
17	CERTANE CT PTY LTD <BC2>	165,500	0.31
18	MR ROBERT JOHN GARSDEN	164,823	0.31
19	UBS NOMINEES PTY LTD	158,087	0.30
20	PRINEAS SUPER PTY LTD <PRINEAS SUPER FUND A/C>	150,000	0.28
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**41,422,765**	**77.98**
	Total Remaining Holders Balance	**11,698,412**	**22.02**

CORPORATE DIRECTORY

30 JUNE 2022

REGISTERED OFFICE

1/137 The Parade
Norwood, SA 5067

Phone
+61 8 7225 6489

WEB ADDRESS

silklaser.com.au

STOCK EXCHANGE

SILK Laser's ordinary shares are listed on the ASX.

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC Australia 3067

Telephone
+61 3 9415 4000

AUDITOR

Grant Thornton

COMPANY SECRETARY

Richard Willson

DIRECTORS

Boris Bosnich
Andrew Cosh
Sinead Ryan
Martin Perelman
Jacinta Caithness

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