

MARKET RELEASE

SILK to expand NSW footprint with acquisition of Eden Laser Clinics

Key highlights:

- SILK to acquire Eden Laser Clinics – operates 10 cosmetic clinics across NSW (9) and ACT (1)
- Strategically compelling acquisition that increases SILK's footprint in the under penetrated Sydney market
- Bolsters SILK's network to more than 30 in NSW/ACT, the second largest by clinic numbers across those two states
- Earnings accretive pre-synergies

Adelaide, South Australia: 22 December 2022 – SILK Laser Australia Limited (ASX: SLA) (**SILK Laser**), one of the largest specialist non-surgical aesthetics clinic networks across Australia and New Zealand, is pleased to announce it has entered into a binding agreement to acquire Eden Laser Clinics Pty Ltd (**Eden Laser Clinics**) subject to certain customary completion adjustments and conditions (**the Acquisition**).

Eden Laser Clinics is a network of full-service aesthetic clinics established 11 years ago, offering laser hair removal, skin treatments, tattoo removal, body sculpting, and injectable treatments. Eden Laser Clinics operates 10 cosmetic clinics across NSW (9) and ACT (1), with 9 of these company-owned. The network is highly complementary to the current SILK Laser/ASC network, with many of its clinics in key centres throughout the Sydney region, and a client database of over 130,000 people. Post the acquisition, SILK will have a network of 141 clinics across Australia and New Zealand.

The acquisition of Eden Laser Clinics is strategically compelling for SILK:

- Substantially increases exposure in some of the larger centres in NSW (Penrith, Liverpool, Bankstown, Eastgardens, Hornsby), and bolsters network numbers to over 30 in NSW/ACT to be the second largest across these states
- Eden Laser Clinics has over 130,000 clients built over 11 years, allowing rapid scale up compared to growing the territory organically in competitive centres
- Identified synergies across procurement and systems
- Opportunity to strengthen sales.

SILK Founder and CEO Martin Perelman said: "The proposed acquisition of Eden Laser Clinics is an exciting opportunity for SILK to grow in the key state of New South Wales. It delivers on our growth strategy of increasing network scale, while also being earnings accretive pre-synergies. Eden Laser Clinics is closely aligned to our existing service offering and provides upside through increasing the sale of injectables to their clients and via procurement and systems initiatives. The acquisition cements SILK's position as a leading player in New South Wales/ACT and across Australia."

The acquisition price, on a cash free debt free basis, is estimated at \$8.4 million and implies a multiple of 6.0x Cash EBITDA¹. Eden Laser Clinics is expected to generate Cash EBITDA (pre-synergies) of \$1.4m. The acquisition is expected to be earnings accretive in the first full year of ownership on a pro forma basis before synergies² and excluding transaction and integration costs. The consideration and transaction costs will be funded by existing debt facilities and internal cash resources.

Completion of the Acquisition is expected by March 2023.

—ENDS—

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

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About SILK Laser

Founded in 2009, SILK is one of Australia's largest specialist clinic networks, offering a range of non-surgical aesthetic products and services. SILK's five core offerings comprise laser hair removal, cosmetic injectables, skin treatments, body contouring and skincare products.

Visit: www.silk laser.com.au/investors.

¹ Cash EBITDA: Estimated EBITDA pre adoption of AASB16 for the Eden Laser Clinic Group over the period from 1 March 2022 - 28 February 2023. Normalised EBITDA post AASB16 is expected to be \$2.2 million.

² Synergies estimated at up to \$300,000 Cash EBITDA.