

**MARKET RELEASE (ASX: SLA)**  
**28 February 2023**

***SILK delivers another half of revenue and earnings growth***

**Key H1 FY23 highlights (vs H1 FY22):**

- Network cash sales up 35% to \$102.8 million
- Reported revenue up 21% to \$49.0 million
- Adjusted EBITDA up 8% to \$13.7 million
- Statutory NPAT up 22% to \$5.0 million
- Adjusted NPAT up 15% to \$6.6 million
- 142 clinics (up from 122 at 30 June 2022, includes Unique and Eden acquisitions)
- Strong balance sheet with cash of \$19.4 million, and net debt of \$3.0 million, supports growth initiatives and consideration of capital management strategies.

**Adelaide, South Australia:** SILK Laser Australia Limited, one of Australia's largest specialist non-surgical aesthetics clinic networks, is pleased to announce its results for the six months ended 31 December 2022 (H1 FY23), that saw the Company continue to successfully acquire and integrate strategically compelling clinic networks, while maintaining network cash sales momentum.

**Commenting on the Company's H1 FY23 results, SILK Laser Co-Founder and Managing Director Martin Perelman said:**

"We've had a very busy first half, successfully integrating ASC and TCC, acquiring Unique and Eden Laser, launching new products and services, growing client numbers, and implementing new systems to create a more efficient support office and further improve performance.

"At the same time, we have been able to deliver strong results with growth across the business. I want to thank the entire SILK team, whose dedication and commitment has enabled us to provide the products and services our growing base of 1.6 million customers want, deliver another half of growth, and ensure we are well positioned to continue that trajectory."

**Strong results built on a platform benefiting from SILK's business model and the successful integration of ASC/TCC**

Total network cash sales were up 35% in H1 FY23 to \$102.8 million. Revenue was up 21% to \$49.0 million, with key highlights including:

- 65% growth in distribution sales to \$13.4 million as the Group executed its strategy to sell into the expanded network SILK's proprietary skincare and leverage Injectable buying power
- 50% growth in franchise fees to \$9.1 million given good sales momentum in New South Wales and Victoria where most of SILK's franchisees are based.

Adjusted EBITDA was up 8% to \$13.7 million, and adjusted NPAT was up 15% to \$6.6 million.

## **Strong cash position and resilient operating cashflows support growth initiatives and consideration of capital management strategies**

With a cash balance of \$19.4 million and net debt of \$3.0 million at 31 December 2022, SILK's balance sheet has supported the Company's growth initiatives, including the forthcoming acquisition of Eden Laser. Given the non-discretionary nature of SILK's products and services, operating cashflows continued to grow, up 3% to \$10.1 million, supporting business reinvestment into new clinics and operating systems.

SILK's strong balance sheet and resilient operating cashflows have also enabled the Board to continuously review the Company's capital management strategy, with several initiatives currently under consideration including a potential share buy-back.

## **Diversified service offering with product mix integrated throughout customer journey**

The SILK network's client base continues to grow, now at 1.6 million customers, with most booking multiple treatments per appointment (2.2 million treatments were performed in H1 FY23). Average customer spend over the last 12 months was up slightly to \$679, as was customer satisfaction with a very high NPS of 80, notwithstanding challenging conditions for our clinic teams.

All categories performed well in H1 FY23:

- Injectables: Injecting team grew from approximately 200 to 250 nurses. Price increases were successfully implemented across Inject and combination packages of Skin + Inject were added. Average client spend was up 14% to \$500
- Laser Hair Removal and Skin: Laser revenue and new client numbers increased YoY. Skin saw revenue grow with the addition of new clients and an increase in average client spend, and price increases were implemented from 1 February 2023
- Body: SILK currently has 110 body machines across its network, with Eden clinics providing further opportunity to roll out this category. A consolidated pricing model has been implemented across all brands, aligning the Group's service offering to enhance client experience
- Skincare: Newly released Aesthetics Rx Anti-Pollution Cleansing Oil won "Best in Beauty Awards 2022: Hydrating Cleanser". Additional new products were released, and retail and wholesale price increases implemented across three skincare brands that are delivering higher margins. Own skincare brands continue to expand online sales both on SILK domains and via Adore Beauty.

Perelman said: "Our Injectables buying power continues to grow as the number of clinics in our network grows. SILK now has one of the largest groups of Injectable nurses in Australia and New Zealand, as well as one of the largest number of Body machines. New pricing models and price increases, combined with new products and services, supported growth in average client spend across all our categories."

## **Digital engagement continues to grow**

SILK's user centric website continues to gain consumer momentum with online booking and purchasing. SILK online bookings have increased 82% in H1 FY23. ASC's new website was launched in November 2022, timed for November's Black Friday, and traffic and online sale records were achieved. Online bookings for ASC have now commenced.

## **Acquired strategically compelling Unique Laser and Eden Laser clinics**

On 1 July 2022, SILK acquired Unique Laser, comprising five clinics across Victoria, with one Joint Venture franchised clinic and the remainder traditional franchises. These clinics have been rebranded to Australian Skin Care and fully integrated into the Group's network and systems.

On 22 September 2022, SILK announced the acquisition of Eden Laser Clinics, which is expected to complete on 1 March 2023. Eden operates 10 cosmetic clinics across NSW (9) and ACT (1). The clinics comprise one Joint Venture and 9 corporate-owned clinics. This earnings accretive acquisition increases SILK's footprint in the underpenetrated Sydney market, and will be rebranded with franchise opportunities considered.

## **ASC / TCC integration successfully completed**

ASC and TCC are now fully merged into SILK, with one support office team now covering both SILK and ASC franchisees and clinic networks. The category integration of ASC and TCC is also progressing well with Skin price increases from 1 February 2023 along with alignment of the Skin menu across ASC and SILK. In addition, Body service in ASC and Unique Laser clinics has been updated with a preferred device offering safe, effective, clinically proven results.

## **Trading update**

The new calendar year has started strongly with overall network sales up 17% over the 7 weeks to 19 February 2023. On a like-for-like basis, cash sales are up 10% for the same period, mainly due to a highly successful January sale that lifted the Laser and Skin treatments' categories. The strongest growth by state occurred in Queensland and Victoria, with a great result also in the Northern Territory.

SILK has been successfully navigating the challenging operating conditions and cost pressures, with strategic price increases continuing to be successfully implemented with no reduction in transaction volume experienced, and further increases being implemented or planned since the start of this calendar year, including Skin Treatment price increases actioned from 1 February 2023 and Laser Hair price increases effective from 1 March 2023.

The planned major investment program in systems has continued with approximately \$3.5 million expected to be invested in FY23 to support growth, and improve the efficiency and effectiveness of the support office, as SILK scales and acquisitions are successfully integrated.

Organic growth and various M&A opportunities continue to be evaluated to reach and exceed the network target of 150 clinics.

**Investor briefing today at 10:30am AEDT**

Martin Perelman (Founder and Managing Director) and Ivan Jacques (Chief Financial Officer) will host an investor briefing at 10:30am AEDT today. Following the presentation, participants will have an opportunity to ask questions.

To attend the briefing please register at: <https://s1.c-conf.com/diamondpass/10028481-4whpzu.html>

—ENDS—

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

**Investors**

Ronn Bechler

Investor Relations

M: +61 400 009 774

E: [ronn.bechler@automicgroup.com.au](mailto:ronn.bechler@automicgroup.com.au)

**Media**

Alex Beashel

Corporate Communications

M: +61 466 308 667

E: [ab@alexbeashel.com](mailto:ab@alexbeashel.com)

**About SILK Laser**

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

Visit: [www.silklaser.com.au](http://www.silklaser.com.au).