

Silk acquires Perth based Port Logistics specialist, Fremantle Freight & Storage Pty Ltd

Key Highlights:

- **Silk enters into binding agreement to acquire the Fremantle Freight & Storage Group (the “Acquisition”)**
- **A strategic transaction adding geographical presence and service capability to expand Silk’s Port Logistics service offering**
- **WA wharf cartage was specifically noted as strategically significant in the SLH prospectus**
- **The Acquisition will enhance cross-selling opportunities and increase Silk’s ability to compete for national contracts for blue-chip customers**
- **Expected to be earnings per share accretive in the first full year of ownership**

Silk Logistics Holdings Limited (ASX: SLH) (“SLH” “Silk” or the “Company”) is pleased to announce it has entered into a binding agreement to acquire the Fremantle Freight & Storage Group through the acquisition of head company Brightflow Enterprises Pty Ltd (together, “FFS”), subject to conditions precedent customary for a transaction of this nature together with final debt facility approval.

Established in 2000, FFS operates across four sites in metropolitan Perth and provides wharf cartage, warehousing, quarantine, fumigation and other complementary port-related services. The Acquisition adds immediate scale to Silk’s WA footprint, consistent with Silk’s strategy to grow its ability to provide reliable Port Logistics solutions nationally. Further, the Acquisition is expected to unlock demand from Silk’s existing blue chip customer base as well as other potential cross-selling opportunities.

FFS generates annual revenue in excess of \$29 million as well as strong positive earnings and operating cashflow. The Acquisition is expected to contribute positively to Silk’s group earnings immediately and be earnings per share accretive from the first full year of ownership, before accounting for any potential synergies and integration costs.

Silk’s CEO Brendan Boyd said “FFS is a strategically important acquisition and establishes Silk’s Port Logistics capabilities in Perth. This will allow us to extend our elevated customer service offering nationally. FFS is an attractive opportunity, the businesses operating philosophy is highly aligned with Silk’s offering and will deliver operational efficiencies as well as further revenue growth.”

“Silk also gains an exceptional team at FFS, who are the key to their success and will continue to drive significant value for FFS and the broader Silk business”, Mr Boyd said.

The acquisition of FFS will be funded through cash reserves and debt facilities (subject to approval). The acquisition is expected to complete before 1 September 2022, subject to customary closing conditions, including certain third-party consents.

The acquisition price consists of \$23.6 million payable upfront (subject to customary adjustments) with a further \$7.8 million payable contingent on achieving agreed financial milestones for the period ending 31 July 2023. Additional consideration is payable in the event these milestones are exceeded, based on a percentage of the outperformance, but is not expected to be greater than \$3.0 million. Silk has the option to pay 50% of the \$7.8 million and 100% of any additional consideration in cash or Silk shares, based on Silk's 30-day VWAP prior to 31 July 2023.

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The release of this announcement has been authorised by the Board of Directors of Silk Logistics Holdings Limited.

Forward-Looking Statements

This announcement contains forward-looking statements, including references to expected outcomes. Forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond SLH's control and speak only as of the date of this announcement. Readers are cautioned not to place undue reliance on forward-looking statements.