

## Update on Secon Earn Out

Silk Logistics Holdings Limited (ASX:SLH) (**Silk** or the **Company**) wishes to update the market in relation to the performance of its wholly owned subsidiary, Secon Freight Logistics Pty Ltd (**Secon**) and the earn out payment that will become payable to the sellers of shares in FY26.

### Background

On 4 August 2023, Silk announced that it had entered into a binding agreement to acquire all of the shares in Secon for \$30 million upfront cash and \$5 million in Silk shares, plus a deferred earn out payment (payable in cash) determined by reference to 5.0x annual EBITDA achieved by Secon in each of FY24 and FY25 (the **Secon Earn Out**).

In its HY25 results announced to the market on 27 February 2025, the Company made a deferred earn out payment of \$10.7 million (the **Provision**) for the liability represented by that part of the Secon Earn Out which is referable to Secon's EBITDA for FY25 (the **Final Secon Earn Out Payment**)<sup>1</sup>.

The Final Secon Earn Out payment will fall due for payment in or around October 2025.

### Update on Final Secon Earn Out Payment

In connection with the on-going preparation of management accounts for the March quarter, it has become apparent to Silk that due to Secon's recent out performance, the Final Secon Earn Out Payment will be materially higher than the Provision.

This is as a result of Secon experiencing a significant increase in uncontracted volumes in the first quarter of calendar 2025, which was not predicted as at the date that the HY25 results were prepared.

The Company is not yet in a position to calculate the Final Secon Earn Out Payment with a reasonable degree of certainty but based upon Secon's year to date trading and current management estimates for the remainder of FY25 (which are unaudited), the Company currently expects that the Final Secon Earn Out Payment could be within a range of \$20 million to \$25 million. The exact number cannot be determined until Secon's annual EBITDA to 30 June 2025 is known, and will vary depending on a number of factors including:

- trading conditions in the period to 30 June 2025;
- Secon's ability or otherwise to continue to attract uncontracted volumes during that period;
- Secon's capacity to service those volumes;
- the state of global and local logistics markets; and
- preparation of the completion accounts as required under the Share Sale Agreement.

The Company will continue to monitor Secon trading conditions and, if required, will provide an update to the market.

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<sup>1</sup> The company disclosed in its half year report for the period ended 29 December 2024 'Other financial liabilities' of \$18.64 million. This balance related to the deferred contingent consideration relating to the acquisition of Secon for the first and second earn outs (being \$7.94 million and \$10.7 million respectively). The first earn out payment (\$7.94m) relating to FY24 was subsequently paid in March 2025.

Any increase in the Final Second Earn Out Payment will not impact underlying earnings for FY25.

### **Scheme Booklet**

As noted in section 7.3.4 of the Scheme Booklet released to the market on 23 December 2024, Silk has a number of debt facilities due to expire in late FY25 and FY26 (**Existing Facilities**)<sup>2</sup>. The Silk Board proposes to reassess the company's capital mix prior to the expiry of the Existing Facilities having regard to then prevailing debt and equity markets. Funding of the Final Second Earn Out Payment will form part of that assessment.

*This announcement is authorised for release by the Board of Directors of Silk Logistics Holdings Limited.*

### **Contacts**

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<sup>2</sup> The termination date for the bilateral financing facility agreement was extended to 31 August 2026 (previously 12 May 2026) on 13 March 2025.