

MARKET RELEASE

EXPIRY OF API PROCESS DEED AND INTENTION TO RECOMMEND EC HEALTHCARE INDICATIVE PROPOSAL

Adelaide, South Australia: 2 June 2023: On 30 May 2023, SILK Laser Australia Limited (ASX:SLA) (**SILK**) announced that Australian Pharmaceutical Industries Pty Limited (**API**) had notified SILK that it had decided not to exercise its matching rights under the Process Deed between SILK and API dated 19 April 2023 (**Process Deed**), and that the Process Deed would expire in accordance with its terms at the end of Thursday, 1 June 2023.

Expiry of Process Deed

SILK confirms that the Process Deed with API has now expired. Notwithstanding this, API has indicated to SILK that its due diligence investigations are ongoing.

Intention to recommend the EC Indicative Proposal

As announced on 23 May 2023, SILK received a competing, non-binding and indicative proposal from EC Healthcare for the acquisition of 100% of the shares in SILK at an indicative offer price of \$3.35 cash per share, to be implemented by way of a scheme of arrangement (**EC Indicative Proposal**). The EC Indicative Proposal allows for the payment by SILK of a fully franked dividend of up to a maximum of 10 cents per share (**Permitted Dividend**). If paid, the cash component of any such dividend will reduce the cash consideration under the EC Indicative Proposal.

The EC Indicative Proposal remains subject to a number of conditions, including:

- the completion of confirmatory due diligence;
- unanimous recommendation from the SILK Board in support of the offer, with appropriate fiduciary carveouts;
- entry into a Scheme Implementation Agreement ('**SIA**') (including break fee, exclusivity provisions and market standard conditions (i.e. no material adverse change, no prescribed occurrences, no material acquisitions / disposals, no regulatory intervention, no dividends / distributions (other than the Permitted Dividend), shareholder and court approval and any matters arising from confirmatory due diligence); and
- all necessary regulatory approvals being obtained.

Having executed a confidentiality agreement with EC Healthcare, SILK has granted due diligence access to EC Healthcare and is engaging with EC Healthcare in relation to the EC Indicative Proposal.

The Board unanimously intends to recommend that SILK shareholders vote in favour of the proposed scheme of arrangement with EC Healthcare (at the offer price of \$3.35 per share), and each SILK director intends to vote their SILK shares in favour of scheme, subject to:

- The parties entering into a binding SIA on terms no less favourable to SILK's shareholders than the EC Indicative Proposal;
- No superior proposal being received; and
- An independent expert concluding (and continuing to conclude) that the EC Indicative Proposal is in the best interests of SILK shareholders.

No action required at this time

SILK shareholders do not need to take any action at the current time. The Board notes that there is no certainty that SILK's engagement with either EC Healthcare or API will result in a change of control transaction or an offer capable of acceptance by SILK shareholders.

Highbury Partnership is acting as financial adviser to SILK. Kain Lawyers is acting as legal adviser to SILK. Wilsons Corporate Finance Limited is acting as co-advisor.

—ENDS—

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

Further information:**Investors**

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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.silkclaser.com.au/investors.