

MARKET RELEASE

NON-BINDING INDICATIVE ACQUISITION PROPOSAL FROM AUSTRALIAN PHARMACEUTICAL INDUSTRIES

Adelaide, South Australia: 19 April 2023: SILK Laser Australia Limited (ASX:SLA) (**SILK**) announces that it has received a non-binding, indicative and conditional proposal (**Indicative Proposal**) from Australian Pharmaceutical Industries Pty Ltd on 19 April 2023 (**API**) to acquire 100% of the shares in SILK, by way of a scheme of arrangement, for cash consideration of \$3.15 per share. API is a wholly owned subsidiary of Wesfarmers Limited (ASX:WES).

Details of API's Indicative Proposal

Under the terms of the Indicative Proposal, SILK shareholders would receive total cash consideration of \$3.15 per share. The Indicative Proposal provides for the payment of a fully franked dividend of up to a maximum of 10 cents per share. The cash component of any such dividend will reduce the cash consideration accordingly.

The Indicative Proposal of \$3.15 per share represents a premium of:

- 30.2% to the closing price of \$2.42 per share on 19 April 2023;
- 55.2% to the 30 day volume weighted average price to 19 April 2023 (**VWAP**) of \$2.03 per share; and
- 67.6% to the 60 day VWAP to 19 April 2023 of \$1.88 per share.

The Indicative Proposal is subject to a number of conditions including:

- Satisfactory completion of due diligence by API;
- Receipt of required regulatory approvals, including clearance from the Australian Competition and Consumer Commission;
- Unanimous recommendation of the SILK Board in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the transaction is in the best interests of the SILK shareholders;
- Final Wesfarmers and SILK board approvals; and
- Execution of a Scheme Implementation Deed (**SID**) on customary terms and conditions, including but not limited to:
 - standard conditions precedent including regulatory clearances, no material adverse change, no prescribed occurrences, no material acquisitions/disposals, no dividends/distributions (other than the permitted dividend), shareholder and court approval and subject to any matters arising out of due diligence; and
 - exclusivity and one percent break fee provision.

API has entered into a Voting Deed with Wilson Asset Management Group (**WAM**) in relation to its 9.3% shareholding in SILK, such that WAM will vote its shares in favour of the scheme of arrangement proposed by SILK, subject to the Voting Deed not being terminated in accordance with its terms (including where such termination occurs in connection with a superior proposal or due to the independent expert concluding that the scheme of arrangement is not in the best interests of SILK shareholders).

The Voting Deed will be attached to the substantial shareholder notice to be lodged by Wesfarmers shortly.

Board Intention

Following careful consideration and consultation with its advisers, the SILK Board has determined that it is in the best interests of SILK shareholders to progress the Indicative Proposal and allow API to undertake due diligence, and negotiation of a binding SID, on an exclusive basis over a period of 30 business days. The exclusivity period could then potentially be extended for a further 10 business days once due diligence is completed.

The Board unanimously intends to recommend that SILK shareholders vote in favour of the proposed scheme of arrangement (at the offer price of \$3.15 per share) and each director intends to vote any SILK shares they control in favour of scheme, subject to:

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

Commenting on the news, SILK Founder and Managing Director Martin Perelman said: "The SILK Board and leadership team are pleased to announce that we have received a non-binding, indicative proposal from API to acquire 100% of the shares in SILK. SILK has grown from a single store in South Australia, to listing on the ASX a few short years ago, growing the network to more than 140 stores today. The SILK Board has determined that it is in the best interests of shareholders to engage with API."

Next steps

SILK and API have entered into a Process Deed under which API has been granted 30 business days from the date of this announcement (subject to a potential extension for a further 10 business days) to undertake exclusive due diligence and negotiations on a binding SID. A copy of the Process Deed is attached to this announcement.

At this stage SILK shareholders do not need to take any action in relation to the Indicative Proposal from API.

The Board notes that there is no certainty that the engagement between SILK and API will result in a change of control transaction or an offer capable of acceptance by SILK shareholders.

SILK will continue to keep the market informed in accordance with its continuous disclosure obligations.

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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SILK

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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.

Transaction Process Deed

SILK Laser Australia Limited

Australian Pharmaceutical Industries Pty Ltd

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Date: 19 April 2023

Parties

- 1 **SILK Laser Australia Limited** (ACN 645 400 399) of 1/137 The Parade, Norwood SA 5067 (SLA)
 - 2 **Australian Pharmaceutical Industries Pty Ltd** (ACN 000 004 320) of Level 14, Brookfield Place, Tower 2, 123 St Georges Terrace, Perth WA 6000 (Bidder)
-

Background

On or before the date of this deed, Bidder provided to SLA the NBIO. Each party has agreed to progress the potential Transaction on the terms of this deed.

The parties agree

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1, has the meaning given to it in the Dictionary; and
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act.

1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this deed.

2 Confidentiality Agreement

The parties acknowledge and agree that the Confidentiality Agreement continues to have full force and effect and that it applies to any Confidential Information disclosed by either party under this deed.

3 Due diligence information and access

3.1 Provision of due diligence materials

Subject to clauses 3.5(a) and 3.5(d), SLA will, during the Exclusivity Period, promptly provide or make available (as applicable) to Bidder and its Representatives all Due Diligence Information and other due diligence materials and information reasonably requested by Bidder for the purposes of discussing, assessing, negotiating or implementing the Transaction.

3.2 Provision of access to senior management

Subject to clauses 3.5(b), 3.5(c) and 3.5(d), SLA will, during the Exclusivity Period, promptly provide Representatives of Bidder with reasonable access to senior management of the SLA Group (including the divisional managers) on reasonable notice, where such access is for the purposes of discussing, assessing, negotiating and/or

implementing the Transaction (including, if organised during the due diligence process, site visits to a select number of clinic locations and company support centres as part of the management presentations), provided that such access or meetings are at all times in the presence of a Representative of SLA.

3.3 Provision of management presentations

Subject to clauses 3.5(b), 3.5(c) and 3.5(d), SLA will, during the Exclusivity Period, promptly organise and facilitate further presentations by senior management of the SLA Group on reasonable notice for the purposes of allowing Bidder to assess the merits of the Transaction.

3.4 Data room establishment and timing

SLA must procure that, promptly after the date of this deed, a virtual data room (with functionality enabled to allow printing and downloading of documents) is made available to the Bidder and Representatives of Bidder nominated by Bidder, which virtual data room, subject to clause 3.5:

- (a) must be hosted by Ansarada with a Q&A facility;
- (b) is substantially populated with the Due Diligence Information requested in the Due Diligence Request List (consistent with discussions, and the data room index shared, between the parties immediately prior to execution of this deed);
- (c) must be populated with the Black Box Information and access granted to the Bidder and its Representatives within 24 hours of the Bidder confirming to SLA in writing that it has completed its due diligence investigations in all material respects (other than a review of the Black Box Information) and that it is willing to enter into an Implementation Deed on terms substantially similar to those set out in the NBIO, subject to satisfactory review of the Black Box Information (in the Bidder's absolute discretion);
- (d) must provide for a facility for Bidder and its Representatives to submit questions to SLA and its Representatives relating to the Due Diligence Information and to reasonably request further information from SLA during the Exclusivity Period and track the progress of responses to those questions; and
- (e) be populated with any information reasonably requested under clause 3.4(d) within a reasonable time period.

3.5 Limitations

- (a) SLA has no obligation to provide Bidder with access to particular information or particular materials if access to that information or those materials would:
 - (i) breach any applicable law or requirement of a Government Agency; or
 - (ii) require SLA to make a disclosure that would compromise legal professional privilege (but only where SLA has advised Bidder of the nature of the information being withheld),

or to provide Bidder with access to particular information or particular materials to the extent they relate to consideration by the SLA Board of the Transaction or any Competing Proposal (however this proviso does not limit SLA's obligations under clause 5). To the extent the Due Diligence Information includes any advice or report prepared by a current or former Adviser of SLA, SLA has no obligation to

provide such advice or report to Bidder or any of its Advisers unless Bidder and each of its Advisers that is to receive such report or advice signs a non-reliance letter or hold harmless letter on terms reasonably required by SLA's relevant Adviser.

- (b) SLA is not required to provide Bidder or its Representatives with any access, meetings or presentations referred to in clause 3.2 or clause 3.3 (as applicable) to the extent that it would result in unreasonable disruptions to the SLA Group's business.
- (c) Bidder must ensure that any persons provided with access, meetings or presentations under clause 3.2 or clause 3.3 (as applicable) comply with the reasonable requirements of SLA in respect of the access.
- (d) SLA's obligations under clause 3 are subject to the Information Protocol and to Bidder complying with its obligations under the Confidentiality Agreement in all material respects.

3.6 Due diligence investigations and progress updates

- (a) During the Exclusivity Period, Bidder must provide verbal updates to SLA, on a weekly basis:
 - (i) regarding the status of Bidder's due diligence investigations in respect of the SLA Group; and
 - (ii) advising whether Bidder has any reason to believe that Bidder would not be willing and able to proceed with the Transaction at a proposed price not less than the Indicative Offer Price and otherwise on terms substantially similar to those set out in the NBIO.

4 Implementation Deed and intention to recommend

4.1 Announcement

Each of SLA and the Bidder acknowledge and agree that upon the signing of this deed by each party, SLA will make an announcement to the Australian Securities Exchange (**ASX**) in an agreed form with respect to the status of the Transaction and setting out the material terms of the NBIO and this deed.

4.2 Intention to recommend

SLA represents and warrants that, as at the date of this deed, each of its directors has confirmed that he or she intends, upon entry into the Implementation Deed on terms that are no less favourable to SLA and/or SLA Shareholders than those set out in the NBIO, to unanimously recommend to SLA Shareholders to vote in favour of the Transaction in respect of which the consideration per ordinary share in SLA is equal to or greater than the Indicative Offer Price, in the absence of a Superior Proposal and subject to an independent expert concluding (and continuing to conclude) that the Transaction is in the best interests of the SLA Shareholders.

4.3 Good faith negotiation of an Implementation Deed

- (a) During the Exclusivity Period and subject to the Bidder's due diligence findings, SLA and Bidder must negotiate in good faith an Implementation Deed on terms

substantially similar to those set out in the NBIO and any other transaction documentation required to implement the Transaction.

- (b) Bidder will provide to SLA a first draft of the Implementation Deed as soon as practicable and, in any event, within 10 Business Days of the date of this deed.

4.4 Commitment of necessary resources

During the Exclusivity Period, SLA and Bidder will commit all reasonably necessary resources (including management and financial, legal and other professional advisory resources) to enable:

- (a) Bidder to complete its due diligence investigations in relation to the SLA Group; and
- (b) an Implementation Deed and any other transaction documentation required to implement the Transaction to be prepared, negotiated and finalised,

as expeditiously as possible and in any case before the expiry of the Exclusivity Period.

4.5 Ceasing to progress Transaction

If, during the Exclusivity Period, Bidder decides to no longer progress the Transaction, or Bidder decides to pursue the Transaction on terms that are less favourable to SLA and/or SLA Shareholders than those set out in the NBIO, it must promptly notify SLA in writing.

5 Exclusivity

5.1 No existing discussions

SLA represents and warrants to Bidder that, as at the date of this deed neither SLA nor any of SLA's Representatives, is in any negotiations or discussions, and have ceased any existing negotiations or discussions, with any person in relation to, or which could reasonably be expected to lead to, an actual, proposed or potential Competing Proposal (other than, for the avoidance of doubt, the discussions with the Bidder and its Representatives in respect of the Transaction).

5.2 No shop

During the Exclusivity Period, SLA must not, and must ensure that its Representatives do not, directly or indirectly:

- (a) solicit, encourage, initiate or invite any enquiries, expressions of interest, offers, discussions, negotiations or proposals in relation to, or which may reasonably be expected to encourage or lead to, an actual, proposed or potential Competing Proposal (or which may otherwise lead to the Transaction not being completed); or
- (b) solicit, initiate or invite approaches, enquiries, expressions of interests, offers, discussions or proposals with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal,

or communicate to any person any intention to do any of the things referred to in clause 5.2(a) and 5.2(b).

5.3 No talk

Subject to clause 5.5, during the Exclusivity Period, SLA must not, and must ensure that its Representatives do not, directly or indirectly:

- (a) negotiate or enter into or participate in or continue any negotiations or discussions with any other person regarding an actual, proposed or potential Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal or which may otherwise lead to the Transaction not being completed, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by SLA or any of its Representatives or the person has publicly announced the Competing Proposal; or
- (b) communicate to any person any intention to do any of the things referred to in clause 5.3(a).

5.4 No due diligence

Subject to clause 5.5, during the Exclusivity Period, SLA:

- (a) must not, and must ensure that none of its Representatives, directly or indirectly:
 - (i) solicit, invite, initiate, or encourage or facilitate or permit, any person (other than Bidder or any of its Representatives) to undertake due diligence investigations in respect of SLA, its Related Entities, or any of their business and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
 - (ii) make available to any person (other than Bidder or any of its Representatives) or permit any such person to receive any Non-public Information, in connection with or with a view to obtaining or which may reasonably be expected to encourage or lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; and
- (b) agrees not to waive, and to enforce, any standstill obligations with third parties and any confidentiality obligations owed by third parties to SLA.

5.5 Fiduciary out

Each of clauses 5.3 and 5.4 do not apply after the date which is 4 weeks after the date of this deed to the extent that the relevant clause restricts SLA or the SLA Board (or SLA's Representatives) from taking or refusing to take any action with respect to an actual, proposed or potential Competing Proposal (which was not solicited, encouraged, initiated or invited by SLA or its Representatives in breach of clause 5.2) provided that the SLA Board has determined, acting in good faith:

- (a) after consulting with its financial advisors, that the actual, proposed or potential Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and
- (b) after receiving written legal advice from its external legal advisers, that compliance with clauses 5.3 and/or 5.4 (as applicable) would constitute, or would be

reasonably likely to constitute, a breach of the SLA Board's fiduciary or statutory duties or obligations,

and provided that SLA promptly notifies Bidder if the SLA Board makes such a determination.

5.6 Notice of Competing Proposals

- (a) During the Exclusivity Period, SLA must promptly (and, in any event, within 24 hours) notify Bidder in writing of any:
 - (i) approach, inquiry or proposal made by any person to it or any of its Representatives in relation to an actual, proposed or potential Competing Proposal (including, for the avoidance of doubt, any request or proposal to which clauses 5.3, 5.4 and/or 5.5 may apply), and as part of that notification will provide all material details of the approach (including the price (or if not cash, implied value), form of consideration, conditions precedent, timing, break fee provisions (if any) and other key terms of any Competing Proposal and the identity of the proponent(s) of any such proposal) in each case to the extent known by SLA; and
 - (ii) request for information relating to SLA, or its businesses or operations, in connection with the formulation, development or finalisation of, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Proposal, or which SLA has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Proposal, and must disclose to Bidder the identity of the party making the request and the details of the request.
- (b) During the Exclusivity Period, SLA must also notify Bidder in writing promptly (and in any case within 24 hours) after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal, including in respect of any of the information previously notified to Bidder under this clause 5.6(a).

5.7 Non-public information

- (a) If any Non-public Information is provided or made available to any person in connection with an actual, proposed or potential Competing Proposal which has not previously been provided or made available to Bidder, SLA must promptly, and in any event within 24 hours, provide to Bidder:
 - (i) in the case of written materials, a copy of; and
 - (ii) in any other case, a written statement of,that Non-public Information.
- (b) If SLA is permitted by virtue of clause 5.5 to engage in any activity that would otherwise breach any of clauses 5.3 or 5.4, SLA must enter into a confidentiality agreement with the person who has made the applicable actual, proposed or potential Competing Proposal that contains obligations on that person that are, when assessed on an overall basis, on terms no less onerous in any material respect than the obligations of Bidder under the Confidentiality Agreement.

5.8 Matching right

- (a) If, during the Exclusivity Period, SLA receives a Competing Proposal, SLA must not, and must procure that each of its Representatives do not, enter into any agreement, understanding or commitment in respect of that Competing Proposal (other than a confidentiality agreement contemplated by clause 5.7(b)) unless each of the following conditions have been satisfied:
 - (i) the SLA Board determines that the Competing Proposal constitutes a Superior Proposal;
 - (ii) SLA has provided Bidder with the material terms and conditions of the Competing Proposal, including price (or implied value), consideration, conditions precedent, timing, break fee provisions (if any) and the identity of the third party making the Competing Proposal, in each case to the extent known by SLA;
 - (iii) SLA gives the Bidder until the Cut Off Date to provide a matching or superior proposal to the terms of the Competing Proposal; and
 - (iv) either:
 - (A) Bidder has not announced or otherwise formally proposed to SLA (in writing) a Bidder Counterproposal before the Cut Off Date; or
 - (B) Bidder has announced otherwise formally provided to SLA (in writing) a Bidder Counterproposal before the Cut Off Date and the SLA Board has determined, in good faith, that the Bidder Counterproposal would not provide an equivalent or superior outcome to SLA Shareholders as a whole compared with the Competing Proposal.
- (b) Each successive modification of any Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements under this clause 5.8.

5.9 Matching or superior Bidder proposal

If, in accordance with clause 5.8(a)(iv)(B), Bidder formally proposed to SLA (in writing) or announces a proposal (**Bidder Counterproposal**) before the Cut Off Date, SLA must procure that the SLA Board considers the Bidder Counterproposal and determines whether, in good faith, the Bidder Counterproposal would provide an equivalent or superior outcome to SLA Shareholders as a whole compared with the Competing Proposal. Following that determination, SLA must:

- (a) procure that the SLA Board promptly, and in any event within 1 Business Day, notifies Bidder of the determination in writing, stating reasons for that determination; and
- (b) if the determination is that the Bidder Counterproposal would provide an equivalent or superior outcome to SLA Shareholders as a whole compared with the Competing Proposal, then for a period of 3 Business Days after SLA delivers to Bidder the notice referred to in clause 5.9(a):
 - (i) SLA must not provide any due diligence information to the person making the Competing Proposal (or to their representatives); and
 - (ii) SLA and Bidder must use their best endeavours to agree:

- (A) amendments to this Deed and any other transaction documentation that is reasonably necessary to reflect the Bidder Counterproposal; and
- (B) the transaction documentation required to implement the Bidder Counterproposal,

as soon as reasonably practicable.

5.10 Extension of Exclusivity Period

If before the end of the Exclusivity Period:

- (a) Bidder confirms to SLA in writing that it has completed its due diligence investigations in all material respects and that it is willing to proceed with a transaction at a proposed price not less than the Indicative Offer Price and otherwise on terms substantially similar to those set out in the NBIO; and
- (b) if a notice under clause 5.8(a)(ii) has been given, clause 5.8(a)(iv) does not apply,

then the Exclusivity Period will be extended by 10 Business Days from the date it would otherwise have expired (but without limiting clause 6.1). The extension under this clause 5.10 may only occur once.

5.11 Normal provision of information

Nothing in this clause 5 prevents SLA or a Representative of SLA from (directly or indirectly):

- (a) providing information to its Representatives;
- (b) providing information to any Government Agency;
- (c) providing information to its auditors, customers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law (including to satisfy its obligations under the rules of any stock exchange); or
- (e) making presentations or providing information to, or responding to enquiries from, or engaging with SLA Shareholders, brokers, portfolio investors, analysts and other third parties in the ordinary course of business (provided that such action does not result in a breach of clause 5.2).

5.12 Acknowledgements

- (a) SLA acknowledges that it has received legal advice on this deed and the operation of this clause 5.
- (b) The parties must not make or cause to be made, any application to a court or the Takeovers Panel for or in relation to a determination in relation to clause 5.

6 General

6.1 Termination

- (a) This deed terminates on the earlier of:
 - (i) the expiry of the Exclusivity Period;
 - (ii) the execution of an Implementation Deed;
 - (iii) either party giving the other party a termination notice with immediate effect after a notification from Bidder under clause 4.5; and
 - (iv) SLA giving Bidder a termination notice with immediate effect if Bidder or any of its Related Entities breaches any of their obligations under clause 6 (Standstill and insider trading) of the Confidentiality Agreement.
- (b) Clauses 1 and 6 survive the termination of this deed.

6.2 Other

- (a) Each party acknowledges entering into this deed and incurring obligations and giving rights under this document for valuable consideration received from each other party.
- (b) Each party agrees that:
 - (i) the Transaction remains indicative and incomplete and subject to Bidder's due diligence investigations, board approvals (in respect of both SLA and Bidder) and negotiations between the parties;
 - (ii) this deed is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to a binding contract to proceed with the Transaction;
 - (iii) there is no certainty that the Transaction will proceed;
 - (iv) this deed does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act; and
 - (v) the Transaction will not become binding on the parties until such time as the Implementation Deed (and any other transaction documents required to implement the Transaction and required to be executed at the same time as the Implementation Deed) is approved by the SLA Board and the board of Bidder and is duly executed by each party.
- (c) Nothing in clause 6.2(b) derogates from the Bidder's obligations under clause 4.2 of this deed.
- (d) This deed is governed by the laws of Victoria. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria.
- (e) This deed may only be varied if the parties agree in writing.
- (f) Each party agrees that, to the extent practicable and permitted by law or the rules of any stock exchange, it will consult with the other party as to the form of any

public announcement about this deed, the Transaction or the content or existence of negotiations between the parties prior to making any such announcement.

- (g) Unless expressly stated otherwise in this deed, all amounts payable or consideration to be provided under this deed are exclusive of GST. If GST is payable on any supply made under this deed, for which the consideration is not expressly stated to include GST, then subject to receiving a valid tax invoice the party providing the consideration for that supply must pay to the party receiving the consideration an additional amount equal to the GST payable at the same time that the consideration for the supply is to be provided.
- (h) Waiver of any right under or arising from this deed must be in writing and signed by the party giving the waiver, and will not be a waiver of any other right or the same or a similar right where such right arises from another breach. A failure or delay in exercising, or a partial exercise of, a right under or arising from this deed does not result in a waiver of that right (or any part thereof).
- (i) This deed and the Confidentiality Agreement contain the entire agreement of the parties in respect of its subject matter and set out the only conduct relied on by the parties and supersede all earlier conduct by the parties in respect of the subject matter. This deed applies to the extent of any inconsistency between this deed and the Confidentiality Agreement.
- (j) Costs and duty
 - (i) Each party must bear its own costs arising out of the negotiation, preparation and execution of this deed.
 - (ii) Unless expressly stated otherwise in this document, all amounts payable or consideration to be provided under this document are exclusive of GST.
- (k) This deed may be executed in any number of counterparts. All counterparts, when taken together, constitute one instrument.
- (l) Any notice, demand, consent, approval or communication under this deed (**Notice**) must be:
 - (i) in writing, in English and signed by a person duly authorised by the sender; and
 - (ii) hand delivered or sent by prepaid post or email to the recipient's address for Notices specified below, as varied by any Notice given by the recipient to the sender:

For SLA:

Post: 1/137 The Parade, Norwood SA 5067
Email: [REDACTED]
Attention: Martin Perelman, Managing Director

With a copy (for information purposes only) to Gerry Cawson, Kain Lawyers by email at Gerry.Cawson@kainlawyers.com.au and James Burchnall, Kain Lawyers by email at James.Burchnall@kainlawyers.com.au

For Bidder:

Post: Level 14, Brookfield Place Tower 2, 123 St Georges Terrace,
Perth WA 6000

Email: [REDACTED]

Attention: Christian Bauer

With a copy (for information purposes only) to Neil Pathak, Gilbert + Tobin
by email at npathak@gtlaw.com.au

- (m) A Notice given in accordance with clause 6.2(l) takes effect when taken to be (or at a later time specified in it), and is taken to be received:
- (i) if hand delivered, on delivery;
 - (ii) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia); and
 - (iii) if sent by email, immediately unless the sender receives a message indicating that the email has not been received by the intended recipient,
- but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.
- (n) Bidder must not assign any of its rights or obligations under this deed, or attempt or purport to do so, without the prior consent of SLA (acting reasonably). SLA must not assign any of its rights or obligations under this deed, or attempt or purport to do so, without the prior consent of Bidder (acting reasonably).

Schedule 1 Dictionary

1.1 Dictionary

In this deed:

Adviser means, in relation to a party, its legal, financial, taxation or other expert adviser or agent.

Bidder Counterproposal has the meaning set out in clause 5.9.

Black Box Information means Non-public Information contemplated in the Due Diligence Request List, and agreed by the parties prior to the execution of this deed, to be sensitive Non-public Information and will comprise Black Box Information.

Business Day means a day (other than a Saturday, Sunday or public holiday) when banks in Melbourne and Adelaide are open for general banking business.

Competing Proposal means any expression of interest, proposal, offer or transaction which, if entered into or completed in accordance with its terms, would result in any third party (either alone or together with one or more third parties):

- (a) acquiring Voting Power in SLA of more than 10% or otherwise acquiring a legal or economic interest in more than 10% of the SLA Shares including through one or more acquisitions, agreements or derivative contracts (and where a third party already has Voting Power or legal or economic interest of more than 10%, that party acquires a further 1% or more);
- (b) acquiring Control of or merging with SLA or a material member of the SLA Group;
- (c) acquiring, becoming the holder of or having a right to acquire, or otherwise acquiring a legal or economic interest in, all or a substantial part of the property or assets of the SLA Group taken as a whole; or
- (d) entering into any agreement, arrangement or understanding requiring SLA to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.

Confidential Information has the meaning given to that term in the Confidentiality Agreement.

Confidentiality Agreement means the confidentiality agreement between the parties dated on or about 19 April 2023.

Cut Off Date means the date that is 5 Business Days after the date of the provision of the information referred to in clause 5.8(a)(ii).

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Due Diligence Information means any Non-public Information contemplated in the Due Diligence Request List (other than Black Box Information) which the parties agreed, prior to the execution of this deed, that SLA would make available for the purposes of due diligence investigations in respect of the SLA Group.

Due Diligence Request List means the list of due diligence information requests provided by Bidder to SLA in a form previously agreed to in writing between them.

Exclusivity Period means the period starting on the date of this deed and ending on the earlier of:

- (e) 30 Business Days after the date of this deed or (if an extension occurs under clause 5.10) 40 Business Days after the date of this deed; and
- (f) the termination of this deed.

Government Agency means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial, regulatory body, minister, department, commission, authority, instrumentality, board, entity, organisation, tribunal, agency, trade union or entity in any part of the world (or any office or delegate thereof), and includes any self-regulatory organisation established under statute.

GST means a goods and services tax, or similar value added tax, levied or imposed in Australia under the GST law (as that term is defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)).

Implementation Deed means an agreement between SLA and Bidder (and, if applicable, its Related Entity) in relation to the implementation of a Transaction under which the Bidder (or its Related Entity) would acquire SLA for no less than the Indicative Offer Price.

Indicative Offer Price means \$3.15 per SLA Share.

Information Protocol means the information protocol in the form agreed between Bidder and SLA prior to the date of this deed and signed on behalf of Bidder on 19 April 2023, as amended from time to time by agreement between Bidder and SLA.

NBIO means the non-binding indicative proposal dated 19 April 2023 in respect of a potential Transaction.

Non-public Information means non-public information about the business or affairs of the SLA Group.

Notice has the meaning set out in clause 6.2(l).

Officer means, in relation to a party, its and its Related Entities' officers and employees.

Related Entity means, in relation to the first entity any entity which:

- (a) is Controlled by the first entity;
- (b) Controls the first entity; or
- (c) is Controlled by an entity which Controls the first entity.

Representative of a party includes an Officer, employee, Adviser, consultant, partner, affiliate or agent of that party or of a Related Entity of that party.

SLA Board means the board of directors of SLA from time to time.

SLA Group means SLA and its Subsidiaries.

SLA Share means a fully paid ordinary share in the capital of SLA.

SLA Shareholder means a person shown in the register of members of SLA as the holder of one or more SLA Shares.

Subsidiary of an entity means another entity which is a subsidiary of the first entity within the meaning of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which the SLA Board, acting in good faith and in order to satisfy what the SLA Board considers to be its fiduciary and statutory duties, and after taking written advice from its external legal advisers, determines:

- (a) is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
- (b) would reasonably be likely to be, if completed substantially in accordance with its terms, more favourable to SLA Shareholders than the proposal provided by Bidder to SLA in the NBIO (or any later proposal provided by the Bidder to SLA in writing), taking into account all aspects of the Competing Proposal and the proposal provided by Bidder to SLA in the NBIO, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

Transaction means the acquisition by Bidder (or a Related Entity) of 100% of the SLA Shares by a SLA Board recommended scheme of arrangement.

Voting Power has the meaning given in section 610 of the Corporations Act.

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) In this deed, unless the context otherwise requires:
 - (i) words importing the singular include the plural and vice versa;
 - (ii) a reference to any thing (including any right) includes a part of that thing but nothing in this clause 1.2(b)(ii) implies that performance of part of an obligation constitutes performance of that obligation;
 - (iii) a reference to a right includes a remedy, power, authority, discretion or benefit;
 - (iv) a reference to an agreement or document is to the agreement or document as amended, varied, supplemented, novated or replaced from time to time, except to the extent prohibited by this deed;

- (v) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate or entity and includes any government agency;
- (vi) the expressions “include”, “including”, “to avoid doubt”, “having regard to” and similar expressions are not words of limitation and do not limit what else might be included;
- (vii) a reference to a clause or a party is a reference to a clause of, or a party to, this deed (as applicable);
- (viii) a reference to a party to this deed or another agreement or document includes the party’s successors and permitted substitutes and permitted assigns (and, if applicable, the party’s legal personal representatives);
- (ix) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (x) a reference to conduct includes an omission, statement and undertaking, whether or not in writing;
- (xi) a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement whether or not in writing; and
- (xii) a reference to time is to time in Melbourne, Australia.

Executed as a deed

Signed sealed and delivered by **SILK Laser Australia Limited** in accordance with section 127 of the *Corporations Act 2001* (Cth):

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Signed sealed and delivered by **Australian Pharmaceutical Industries Pty Ltd** in accordance with section 127 of the *Corporations Act 2001* (Cth):



Signature of director

Signature of ~~director~~/secretary

Emily Amos

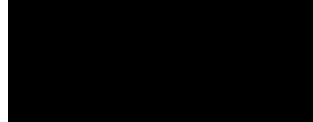
Kimalee Hunter

Name of director (print)

Name of ~~director~~/secretary (print)

Executed as a deed

Signed sealed and delivered by **SILK Laser
Australia Limited** in accordance with section 127
Act 2001 (Cth):



Signature of director

Signature of director/secretary

Boris Bosnich

Martin Perelman

Name of director (print)

Name of director/secretary (print)

Signed sealed and delivered by **Australian
Pharmaceutical Industries Pty Ltd** in
accordance with section 127 of the *Corporations
Act 2001* (Cth):

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)