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ACN: 103 087 449

Pacific Smiles Group Limited

Notice of 2022 Extraordinary General Meeting

Explanatory Statement | Proxy Form

The Board of Pacific Smiles recommends that Shareholders VOTE AGAINST ALL RESOLUTIONS

Monday, 19 December 2022

10:00am AEDT

Venue

Hybrid meeting held at the offices of Automic, Level 5, 126 Phillip Street Sydney NSW 2000 and online

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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Important Information for Shareholders about the Company's 2022 Extraordinary General Meeting (EGM)

This Notice is given based on circumstances as at Thursday, 17 November 2022. Should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at

https://investors.pacificsmilesgroup.com.au/Investors/. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **10.00am AEDT** on **Monday, 19 December 2022** as a hybrid meeting at the offices of Automic, Level 5, 126 Phillip Street Sydney NSW 2000 and online.

If you wish to virtually attend the EGM (which will be broadcast as a live webinar), please **<u>pre-register</u>** in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN 7I1B6VpvShS6qdNZxAxWKg

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote (see the "Voting virtually at the Meeting" section of this Notice of Meeting below) and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to Belinda Cleminson at belinda.cleminson@automicgroup.com.au at least 48 hours before the EGM.

Your vote is important

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the EGM on the date and at the place set out above.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the EGM will need to login to the online meeting platform powered by Automic.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link <u>investor.automic.com.au</u> and then clicking on "**register**" and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the virtual meeting on the day:

- 1. Open your internet browser and go to <u>investor.automic.com.au</u>
- 2. Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting
- 3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "**Register**" when this appears. Alternatively, click on "**Meetings**" on the left-hand menu bar to access registration
- 4. Click on "**Register**" and follow the steps
- 5. Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" to be taken to the voting screen
- 6. Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the **Registration and Voting Guide** at https://www.automicgroup.com.au/virtual-agms/.

Voting by proxy

To vote by proxy, please use one of the following methods:

Online

Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' - 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.

For further information on the online proxy lodgement process please see the **Online Proxy Lodgement Guide** at https://www.automicgroup.com.au/virtual-agms/

By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000
By email	Completing the enclosed Proxy Form and emailing it to: meetings@automicgroup.com.au

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting being Saturday, 17 December 2022 at 10:00am AEDT. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Letter from the Board

Dear Shareholders,

The Board of Directors would like to thank you for your ongoing support of Pacific Smiles.

As you may be aware, the Company has received a notice from Dr Alex J Abrahams (the **Requisitioning Shareholder** or **Dr Abrahams**) requesting that the Company call an extraordinary general meeting to consider resolutions for the removal and appointment of directors to the Board.

We recommend that you vote **AGAINST** all resolutions proposed by Dr Abrahams. The Directors consider that the resolutions are **NOT** in the best interests of the Company.

The resolutions propose to remove each of the current seven members of the Board, including the current CEO, and to appoint four new directors proposed by Dr Abrahams. In response to Dr Abrahams' proposal, the Board of Directors highlight that:

- 1. Pacific Smiles' medium and long-term prospects are positive.
 - We are well positioned to benefit from a rebound in demand post COVID-19 due to the strategic investments the Company made during the pandemic in selective new centre expansion, retention of staff, IT systems and other infrastructure.
 - The Board has provided additional disclosure to improve understanding of the recent operating performance of the business and long-term earnings potential;
- 2. Dr Abrahams' purported transformation plan boasts the need for a "genuine culture review" despite Net Promoter Scores from dentist and employee surveys consistently trending up since 2017;
- 3. Many elements of Dr Abrahams' plan reflect Pacific Smiles' existing strategy. The Board considers that other elements of Dr Abrahams' plan are not appropriate and are lacking in important detail;
- 4. The Board and management team believe that a number of Dr Abrahams' statements are selective and therefore potentially misleading;
- 5. The Board considers that it is in Shareholders' interests to oppose Dr Abrahams' attempts to gain control of the Company without paying a control premium, and to maintain the independence of the Board and management team;
- 6. The Board believes that your current Directors and management team are more appropriately qualified for running Pacific Smiles than the nominees put forward by Dr Abrahams; and
- 7. The Board and management team are experienced in growing public businesses, are motivated to deliver the plan and to maximise Shareholder value.

We believe that the resolutions proposed by the Requisitioning Shareholder threaten to destabilise Pacific Smiles at a time when it needs to focus on profitability, expansion of existing centres and executing the medium and long-term growth plans. The hard work has been done and the groundwork has been laid for Pacific Smiles to reap the rewards of its prudent decision-making during the COVID-19 downturn. We consider that a change in Board and management would simply cause unnecessary cost and disruption at a critical juncture.

The Board of Directors (with any interested Directors abstaining) recommends that Shareholders vote **AGAINST** all resolutions contained in this Notice of Extraordinary General Meeting to protect your investment. We consider that the resolutions are **NOT** in the best interests of the Company or our Shareholders.

Directors' statements

Pursuant to section 203D(4) of the Corporations Act, each Director who is the subject of a resolution for their proposed removal is entitled to put their case to members by giving the company a written statement. We, being Ms Peach, Messrs McKenzie, Bloom, Brett, Rutherford and Knott and Dr Kalniz (see also our biographies in the **Resolutions** section below) would like to take this opportunity to communicate our enduring passion and support for Pacific Smiles.

Under our stewardship, Pacific Smiles has not wavered from its commitment to creating long-term value for our Shareholders.

We know that a positive culture translates to strong dentist, patient and employee experiences and, ultimately, accretive Shareholder returns. We strive to function as a seamless team, with honesty and respect. We have continuously maintained our determination to be open about the Company's progress and its direction – acknowledging difficult times attributable to the pandemic and sharing details of our path forward. In that context, we are pleased to provide additional disclosure around the Company's operating performance, as well as further articulating the long-term earnings potential of the business.

The Board has been focused on making considered investment in the business to enhance long-term value, including significant investment in new centres, systems and infrastructure, and importantly significant investment in retaining our practitioners and staff during the pandemic, to ensure we would be well placed to capture the expected rebound in demand. At the same time, we remain very focussed on maximising the profitability of our existing centres.

Whilst we have been disappointed with the recent share price performance, we are confident that the business is well placed for significant value creation moving forward.

We believe in Pacific Smiles' vision and strategy, centred on culture, operational excellence, same-centre growth, innovation and network growth. We are proud of the work we have completed to date and we look forward to the opportunity to deliver long term value for our Shareholders. We ask that you vote **AGAINST** the resolutions to allow us to continue to act in the best interests of all our Shareholders.

Signed by the Directors of Pacific Smiles:

Ms Zita Peach

Mr Mark Bloom

Mr Simon Rutherford

Mr Andrew Knott

r Ph<mark>ilip McKenzie</mark>

Mr Hilton Brett

Dr Scott Kalniz

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Pacific Smiles Group Limited ACN 103 087 449 will be held at 10:00am AEDT on Monday, 19 December 2022 as a hybrid meeting at the offices of Automic, Level 5, 126 Phillip Street Sydney NSW 2000 and online.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 7:00pm AEDT on Saturday, 17 December 2022.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Resolutions

The Board is **not** proposing the following resolutions. The Company is required to put the following resolutions to Shareholders due to the request made by the Requisitioning Shareholder.

• Resolution 1 – Removal of Zita Peach as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Zita Peach be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: BSc, FAICD, FAMI

Term: Non-Executive Chairperson, appointed February 2020. Previously, Non-Executive Director, appointed August 2017.

Committees: Member of the Nomination and Remuneration Committee.

Directorships: Non-Executive Director of Monash IVF Group Limited, Starpharma Holdings Limited, Nucleus Network (NN Holdco Pty Ltd) and Icon Cancer Care (APOG Topco Pty Ltd). Member of the Hudson Institute of Medical Research Board. Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Marketing Institute.

Experience: Ms Peach has more than 30 years of commercial experience in the pharmaceutical, biotechnology, medical devices and health services industries. She has extensive sales and marketing experience across a broad range of sectors in healthcare, locally and internationally, as well as leading international expansions and conducting major business transactions. Ms Peach has significant experience in rolling out products and services to scale organisations.

At leading global healthcare company Fresenius Kabi, Ms Peach was Executive Vice President for South Asia Pacific, Managing Director for Australia and New Zealand and Chair of the Boards for Malaysia, Australia and New Zealand. Ms Peach was Vice President of Business Development at CSL Limited and has an extensive track record in mergers and acquisitions deals, licensing and commercialising products and technologies on a global scale.

The Directors consider Ms Peach's skills and experience, in particular Ms Peach's regional leadership roles within market-leading healthcare businesses, extensive experience as a Non-Executive Director of ASX-listed companies and previous roles as Chairperson, as valuable to the Board and the Company.

Your Board (with Ms Peach abstaining) recommends Shareholders vote **AGAINST** this Resolution 1 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 1.

• **Resolution 2** – Removal of Philip McKenzie as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Philip McKenzie be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: B.Bus (Auckland University of Technology)

Term: Chief Executive Officer and Managing Director, appointed October 2018.

Experience: Prior to joining Pacific Smiles, Mr McKenzie was Chief Executive Officer for Audiology Management Group (AMG), a leading audiology services business with a network of more than 200 clinic locations across the USA. During his time at AMG, Mr McKenzie balanced and transitioned the model from acquisition driven to greenfield expansion and delivered strong financial performance for the group.

Prior to his role as CEO of AMG, Mr McKenzie was CEO of Widex Australia, New Zealand, Singapore, Hong Kong and India retail where Mr McKenzie successfully turned around and grew those operations. Mr McKenzie has also held leadership positions at Apple Retail as Australian Market Director and was a driver of Apple's retail entry into the Australian market from 2008 to 2011, and Luxottica as National Operations Manager from 2005 to 2007.

The Directors consider Mr McKenzie's skills and experience, in particular Mr McKenzie's significant operational and managerial expertise driving a successful greenfield clinic expansion, as valuable to the Board and the Company.

Your Board (with Mr McKenzie abstaining) recommends Shareholders vote **AGAINST** this Resolution 2 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 2.

Resolution 3 – Removal of Mark Alan Bloom as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Mark Alan Bloom be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: B.Comm, B.Acc, CA ANZ

Term: Non-Executive Director, appointed October 2019.

Committees: Member of the Audit and Risk Management Committee.

Directorships: Non-Executive Director of AGL Energy Limited, Abacus Property Group and EBOS Group Limited.

Experience: Up until April 2019, Mr Bloom held the position of Chief Financial Officer at ASX 20 listed Scentre Group Limited (owner and operator of Westfield in Australia and New Zealand). Mr Bloom's executive career as a Finance Executive has spanned 36 years as Chief Financial Officer and an Executive Director at three top 20 listed entities in Real Estate (including Westfield and Scentre Group – 16 years) and Insurance and diversified Financial Services (Liberty Life, South Africa and Manulife Financial, Toronto – 20 years).

Mr Bloom has had extensive experience in running global and local Finance and IT teams encompassing Treasury, Tax, Operations, Finance, Compliance, Risk Management, Financial Reporting, Legal and Information Technology. Mr Bloom also has extensive experience in corporate transactions and restructuring.

The Directors consider Mr Bloom's skills and experience, in particular Mr Bloom's significant senior financial and IT expertise and extensive experience as a Non-Executive Director of ASX-listed companies, as valuable to the Board and the Company.

Your Board (with Mr Bloom abstaining) recommends Shareholders vote **AGAINST** this Resolution 3 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 3.

Resolution 4 – Removal of Hilton Brett as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Hilton Brett be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: B.Comm, PGDA

Term: Non-Executive Director, appointed August 2018.

Committees: Chairman of the Nomination and Remuneration Committee.

Directorships: Non-Executive Director of Guzman Y Gomez Mexican Taqueria (GYG), and Somnomed Ltd (SOM: ASX).

Experience: Mr Brett is an Operating Advisor at TDM Growth Partners (TDM), a private global investment firm founded in 2004, which invests in fast growing companies run by passionate management teams.

Mr Brett has over 25 years' experience as CEO of multiple consumer businesses with proven skills in growing the businesses and delivering outstanding returns for Shareholders.

Prior to joining TDM, Mr Brett was the Co-CEO of Accent Group Limited (AX1), formerly RCG Corporation Ltd, which is the regional leader in the retail and distribution of performance and lifestyle footwear Australia and New Zealand. Mr Brett joined RCG in 2006 when the business had a market capitalisation of \$8 million. Over the 12 years from 2006 to 2018, the team grew the business to \$800 million market capitalisation and delivered total shareholder returns in excess of 25% CAGR.

The Directors consider Mr Brett's skills and experience, in particular Mr Brett's significant experience operating high growth companies and delivering value to Shareholders, as valuable to the Board and the Company.

Your Board (with Mr Brett abstaining) recommends Shareholders vote **AGAINST** this Resolution 4 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 4.

• **Resolution 5** – Removal of Simon Andrew Rutherford as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Simon Andrew Rutherford be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: B.Comm, CA, FAICD

Term: Non-Executive Director, appointed in 2003.

Committees: Chairman of the Audit and Risk Management Committee.

Directorships: Director of PKF Newcastle Pty Ltd and PKF Wealth Newcastle Pty Ltd.

Experience: Mr Rutherford is a chartered accountant and partner with PKF in business advisory services. Mr Rutherford has been with the firm for over 37 years. Mr Rutherford works with corporate and family owned groups as an advisory board member and lead advisor on strategy, governance, structuring, business sales, mergers and acquisitions.

In his role Mr Rutherford has assisted various companies with capital raising and listing requirements. Mr Rutherford was a Director of the Trustee of Canyon Property Trust and is involved with other syndicated investments. Mr Rutherford has also served on a number of boards including National Brokers Group and Vow Financial Group. During his time with PKF he has

started and significantly contributed to the growth of numerous businesses that form part of the group with over 270 employees.

The Directors consider Mr Rutherford's skills and experience, in particular Mr Rutherford's significant financial and strategic advisory expertise, as valuable to the Board and the Company.

Further, Mr Rutherford's significant experience and tenure with the development and growth of Pacific Smiles provides invaluable knowledge.

Your Board (with Mr Rutherford abstaining) recommends Shareholders vote **AGAINST** this Resolution 5 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 5.

Resolution 6 – Removal of Scott Bryan Kalniz as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Scott Bryan Kalniz be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: DDS and BS in Business Administration, Economics (The Ohio State University)

Term: Non-Executive Director, appointed in January 2021.

Committees: Member of the Audit and Risk Management Committee.

Experience: Dr Kalniz has over 20 years of dental industry experience in the United States. Dr Kalniz started his career as a practicing dentist with a single location practice, and purchased a number of other dental practices, eventually selling his group to North American Dental. At North American Dental, he helped grow the business to over 50 locations.

Dr Kalniz then partnered with a private equity firm, as CEO and Chief Dental Officer, to create a new Chicago headquartered Dental Services Organisation (DSO), Elite Dental Partners. In under five years, the business grew to over 110 locations in 12 States. Dr Kalniz retired from the Board of Elite Dental Partners in September 2020.

The Directors consider Dr Kalniz's skills and experience, in particular Dr Kalniz's significant dental expertise and experience scaling a successful dental business, as valuable to the Board and the Company.

Your Board (with Dr Kalniz abstaining) recommends Shareholders vote **AGAINST** this Resolution 6 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 6.

• **Resolution 7** – Removal of Andrew Stuart Knott as a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, Andrew Stuart Knott be removed as a director of the Company with effect from the close of the general meeting."

Qualifications: B Bus, Marketing and Finance

Term: Non-Executive Director, appointed in 2022.

Committees: Member of the Nomination and Remuneration Committee.

Experience: Mr Knott is a highly experienced Marketing Executive with extensive global experience with S&P50, ASX50 and NASDAQ listed corporations, including J.P. Morgan Chase, National Australia Bank, McDonald's, Verizon and Salesforce.com. Mr Knott was responsible for delivering substantial brand equity improvements across banking and financial services, retail, IT and telecommunications categories and has built and led teams across creative, media, customer experience, insights, personalisation and marketing operations. He has also been the lead executive for substantial digital transformation initiatives that delivered growth and drove efficiency through the deployment of relevant technology solutions underpinned by substantial investments in customer data and analytics.

In addition Mr Knott is now working at the forefront of the future of work, partnering with Meta and focusing on leveraging the metaverse and extended reality to transform the way in which organisations will operate in this hybrid working world post COVID-19.

The Directors consider Mr Knott's skills and experience, in particular Mr Knott's operational, marketing and communications, digital and data expertise, as valuable to the Board and the Company.

Your Board (with Mr Knott abstaining) recommends Shareholders vote **AGAINST** this Resolution 7 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 7.

Resolution 8 – Removal of a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth), and the Company's constitution, each person appointed as a director of the Company on or after 3 October 2022 and prior to the closing of this meeting (excluding any director elected at the general meeting) be removed as a director of the Company with effect from the close of the general meeting."

Your Board recommends Shareholders vote **AGAINST** this Resolution 8 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 8.

• **Resolution 9** – Appointment of a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That Alexander J Abrahams, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

Qualifications: BDS (University of Sydney), GAICD - Dentist.

Current directorship: Microequities Asset Management (ASX:MAM).

Experience: Dr Abrahams was a Co-Founder of Pacific Smiles and Director between 2002 and 2020, holding various roles including Executive Director and Non-Executive Director. Dr Abrahams is the Founder of Chair of Lifespan Oral Health at the University of Sydney and was the winner of the 2020 University of Sydney award for Alumni of the Year. Dr Abrahams retired from the Board in 2020 and maintains an approximate 8.04% holding in the Company.

The Directors do not believe Dr Abrahams' proposed plans are in the best interests of Shareholders. Further, the Directors do not believe Dr Abrahams and the proposed Board have the necessary skills and experience to lead the Company successfully over the near and long term. The Directors are also concerned about Dr Abrahams' ability to act independently and in the best interests of Shareholders, given Dr Abrahams' stake in the Company and related business interests. The Directors are concerned Dr Abrahams would have significant influence over the Company.

Your Board recommends Shareholders vote <u>AGAINST</u> this Resolution 9 and each Director will be voting all Shares that he or she holds or controls <u>AGAINST</u> this Resolution 9.

Resolution 10 – Appointment of a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That Robin Low, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

Qualifications: BCom, UNSW, Fellow, Institute of Chartered Accountants, GAICD

Current directorships: Appen Limited (ASX:APX), AUB Group Limited (ASX:AUB), IPH Limited (ASX:IPH), Marley Spoon (ASX:MMM).

Experience: Ms Low has experience as a Director, having served on the Board of a number of companies and organisations. Ms Low has experience across financial services (insurance, asset management, superannuation administration, custody, banking), professional services and technology.

The Directors do not believe Ms Low's skills and experience are sufficiently compelling to warrant appointment as a director of the Company.

Your Board recommends Shareholders vote <u>AGAINST</u> this Resolution 10 and each Director will be voting all Shares that he or she holds or controls <u>AGAINST</u> this Resolution 10.

Resolution 11 – Appointment of a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That Susan Massasso, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

Qualifications: B.Comm - Accounting, Marketing (University of Sydney), GAICD

Experience: Ms Massasso has experience as an executive, having held roles across a number of companies and organisations, including at A2 Milk and Unilever.

The Directors do not believe Ms Massasso's skills and experience are sufficiently compelling to warrant appointment as a Director of the Company. In particular, Ms Massasso has no experience as a Director of ASX-listed companies or any notable experience in the healthcare industry.

Your Board recommends Shareholders vote **AGAINST** this Resolution 11 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 11.

• **Resolution 12** – Appointment of a Director

To consider and, if thought fit, to pass with or without amendment the following resolution as an **Ordinary Resolution**:

"That Navroop Singh, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

Qualifications: BDS (Bad Farid University), Australian Dental Council (ADC)

Experience: Dr Singh has experience in clinical dentistry and is a dental practitioner. Dr Singh holds and has held a number of positions across various companies and organisations.

The Directors do not believe Dr Singh's skills and experience are sufficiently compelling to warrant appointment as a Director of the Company. In particular, Dr Singh has no experience as a Director of ASX-listed companies.

Your Board recommends Shareholders vote **AGAINST** this Resolution 12 and each Director will be voting all Shares that he or she holds or controls **AGAINST** this Resolution 12.

BY ORDER OF THE BOARD

Belinda Cleminson Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 10:00am AEDT on Monday, 19 December 2022 as a hybrid meeting at the offices of Automic, Level 5, 126 Phillip Street Sydney NSW 2000 and online.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

Resolutions

Resolution 1 to 12 – Resolutions pursuant to the Requisition Notice

Introduction

As announced on 7 November 2022, the Company received a notice on 4 November 2022 pursuant to section 249D of the *Corporations Act 2001* (Cth) (**Requisition Notice**) from Dr Alexander J Abrahams (the **Requisitioning Shareholder** or **Dr Abrahams**) who holds approximately 8.04% of the Company's Shares.

Pursuant to section 249D(1) of the Corporations Act, the directors of a company must call and arrange to hold a general meeting on the request of members with at least 5% of the votes that may be cast at the general meeting. Insofar as the request is valid and meets the legislative requirements, following receipt of the Requisition Notice, the Board must call a general meeting within 21 days and hold the meeting not later than two months after the receipt of the Requisition Notice.

The Requisition Notice requested that the Company call a general meeting of Shareholders to consider resolutions for the removal of seven current Directors – Ms Zita Peach, Mr Philip McKenzie, Mr Mark Bloom, Mr Hilton Brett, Mr Simon Rutherford, Dr Scott Kalniz and Mr Andrew Knott – and the appointment of four directors – Dr Abrahams, Ms Robin Low, Ms Susan Massasso and Dr Navroop Singh (the **Resolutions**), pursuant to section 249N of the Corporations Act.

A copy of the Requisition Notice is set out at **Annexure A** of this Notice.

Recommendation

We, your Board of Directors, have reviewed the statement put forward by the Requisitioning Shareholder in the Member's Statement (**attached as Annexure A**), provided to us in accordance with section 249P of the Corporations Act. In response to the Members' Statement, the Board wishes to emphasise the following points:

1. Pacific Smiles' medium and long-term prospects are positive.

We are well positioned to benefit from a rebound in demand post COVID-19 due to the strategic investments the Company made during the pandemic in selective new centre expansion, retention of staff, IT systems and other infrastructure.

- The Board has provided additional disclosure to improve understanding of the recent operating performance of the business and long-term earnings potential;
- 2. Dr Abrahams' purported transformation plan boasts the need for a "genuine culture review" despite Net Promoter Scores from dentist and employee surveys consistently trending up since 2017;
- 3. Many elements of Dr Abrahams' plan reflect Pacific Smiles' existing strategy. The Board considers that other elements of Dr Abrahams' plan are not appropriate and are lacking in important detail;
- 4. The Board and management team believe that a number of Dr Abrahams' statements are selective and therefore potentially misleading;
- 5. The Board considers that it is in Shareholders' interests to oppose Dr Abrahams' attempts to gain control of the Company without paying a control premium, and to maintain the independence of the Board and management team;
- 6. The Board believes that your current Directors and management team are more appropriately qualified for running Pacific Smiles than the nominees put forward by Dr Abrahams; and
- 7. The Board and management team are experienced in growing public businesses, are motivated to deliver the plan and to maximise Shareholder value.

We elaborate on each point in turn below.

1. Pacific Smiles' medium and long-term prospects are positive

Pacific Smiles has continued strategic investment during COVID-19, which the Directors believe sets the business up well for medium and long-term success.

Strategic investment undertaken by Pacific Smiles during COVID-19 includes:

- Securing selective, sought-after retail sites at attractive rents. These new centres are
 complementary to the existing sites in our network and we expect these centres to
 generate increasing patient volumes during FY 2023. This capacity in our operating
 structure means that we expect to meet the projected increase in patient demand
 throughout FY 2023 and beyond without materially increasing our cost base or investing
 further:
- Retaining a high proportion of staff and practitioners through the worst of the pandemic, with a view of ensuring the business could continue to service our dentists, provide urgent and emergency care for the wider community, retain its patient base and be well equipped to service the increase in demand post pandemic, particularly given the current tight labour market; and
- Industry-leading investment in an information technology platform, cloud-based infrastructure and marketing technology that position the Company to be scaled efficiently and facilitate higher value engagement with practitioners and patients.

Notwithstanding the positive medium to long-term prospects for Pacific Smiles, COVID-19 has understandably negatively impacted the short-term performance of the business. Pacific Smiles has been open and transparent about some of the recent challenges resulting directly from the pandemic, including, higher cancellation rates and practitioner absences.

As provided in a supplementary presentation to this letter, we have presented detailed cohort analysis which demonstrates the following key attributes of our recent performance:

- Our FY 2010 and earlier and FY 2011 to FY 2014 cohorts remain highly-profitable, and in FY 2023 are expected to generate average underlying EBITDA per centre in excess of \$750k and \$650k respectively;
- Centres opened in FY 2015 to FY 2017 also remain highly profitable, and in FY 2023 are expected to generate underlying EBITDA per centre of approximately \$300k;
- Centres opened from FY 2018 to FY 2019 have strong patient fee and EBITDA growth trajectories that were slowed by COVID-19. Despite this these centres are expected to generate average underlying EBITDA per centre of approximately \$200k in FY 2023; and
- Centres opened from FY 2020 onwards have been materially disrupted by COVID-19.
 Despite this they have shown positive recent trading momentum in recent months as patients return to centres.

The profitability of older cohorts, and the trading momentum of more recent cohorts supports management and the Board's belief in significant available operating leverage and future profitability utilising the current operating footprint.

There is significant embedded capacity to add more chairs into existing centres within the Pacific Smiles network. Therefore we will be focused on managing the rate of growth of new centres relative to the accretive and low-cost growth from adding new chairs into existing centres.

2. Dr Abrahams' purported transformation plan boasts the need for a "genuine culture review" despite Net Promoter Scores from dentist and employee surveys consistently trending up since 2017

Pacific Smiles has conducted employee and dentist Net Promoter Scores surveys for many years, including during Dr Abrahams' tenure as a director. This included engaging an independent third party provider in 2017 to facilitate a culture review survey, followed by the use of survey platforms to measure satisfaction of employees and dentists periodically.

In 2021, Pacific Smiles upgraded its survey platform to an industry leading provider. This decision was taken to gain enhanced insights, and introduce an ongoing feedback mechanism for each cohort, allowing Pacific Smiles to undertake targeted actions (at the group and individual level) in response to the feedback provided.

The Net Promoter Scores from those surveys have been consistently trending up since the culture survey review in 2017. The improvement in Net Promoter Scores over time are shown in the table below.

NPS (change)	May 2019 (vs May 2017)	March 2021 (vs May 2019)	June 2022 (vs March 2021)
Dentists	+8	+7	+18
Employees	+17	+12	No change

Net Promoter Scores measure the loyalty or promotion of an organisation. They are measured with a single-question survey about likelihood of recommendation to others and reported with a number from the range -100 to +100 (a higher score is desirable).

Most notably, the strongest improvement in dentist Net Promoter Scores was in (financial year) 2022. Patient Net Promoter Scores have remained consistently above 85.

The Board and management have and continue to make decisions to improve employee and dentist satisfaction, including keeping all centres open during the first half of FY 2022 during COVID-19 lockdowns, a conscious decision that allowed the business to:

- maintain stable staff retention, positioning it well for the post-lockdown return; and
- retain the ability to support and service our dentists who chose to continue to practice, thereby supporting our strong culture, brand and ongoing business viability.

3. Many elements of Dr Abrahams' purported transformation plan reflect Pacific Smiles' existing strategy

The Board considers that the purported transformation plan proposed by Dr Abrahams is lacking in any substantive detail and is in no way transformative, except to significantly limit the potential of the strategy that the current Board and management have implemented.

A large number of Dr Abrahams' points are already existing initiatives incorporated in management's current plan, or items already being considered and implemented. This includes:

- focussing on growing patient revenue at existing and newly opened centres, including regularly reviewing the footprint for optimal group profitability;
- reviewing head office costs, and redirecting resources to the front-line; and
- improving engagement and support of dentists, to ensure they are focussed on and assisted with their growth ambitions.

In the Board's view, a number of Dr Abrahams' points are distracting to the current strategy which, if executed successfully, will generate strong profitability.

Dr Abrahams' transformation plan is also missing some fundamental information, namely his intended new CEO.

The Board is also concerned that some of the elements of the transformation plan put forward may be aligned with Dr Abrahams' personal business interests. The Board does not believe that Dr Abrahams would therefore be able to act in the best interests of all Shareholders in the context of his existing substantial shareholding.

4. The Board and management team believe that a number of Dr Abrahams' statements are selective and therefore potentially misleading

In the following table, we address the specific concerns raised in the Members' Statement.

Share price
performance

The Board considers that the peer set that Dr Abrahams has selected to compare Pacific Smiles' share price performance is inappropriate.

Dr Abrahams compares Pacific Smiles performance to, amongst others, two pathology businesses, being Australian Clinical Labs and Healius. Pathology businesses benefited from substantial increases in testing rates due to the COVID-19 pandemic and are not comparable to Pacific Smiles. The Board believes this is selective and therefore potentially misleading to Shareholders.

There are no current listed dental peers in Australia. In this context, Pacific Smiles believes more appropriate comparisons of performance in the COVID-19 environment to be other healthcare companies that were impacted by the pandemic, including companies such as Healthia (ASX:HLA) and Silk Laser Australia (ASX:SLA).

This benchmarking demonstrates the Company's share price performance has been consistent with comparable peers over the past 12-months, as shown in the below chart.



COVID management strategy

Pacific Smiles' profitability has clearly been impacted by COVID-19, however the clear and consistent growth strategy that has been articulated is well understood by the market.

Pacific Smiles kept all centres open during the first half of FY 2022 COVID-19 lockdowns, a conscious management decision that allowed the business to:

- maintain stable staff retention, positioning it well for the postlockdown return; and
- retain the ability to support and service our dentists who chose to continue to practice, thereby supporting our strong culture, brand and ongoing business viability.

Future profitability

Pacific Smiles has made substantive disclosures on its near and long-term strategy, including FY 2023 guidance.

The Board and management believes that Dr Abrahams has misrepresented statements made at Pacific Smiles' recent results, implying that 250 centres are required to generate operating leverage.

As disclosed, Pacific Smiles can generate attractive profitability based on its current centre footprint, albeit further operating leverage will be obtained with additional scale.

5. The Board considers that it is in Shareholders' interests to oppose Dr Abrahams' attempts to gain control of the Company without paying a control premium, and to maintain the independence of the Board and management team

There is a risk that Dr Abrahams acquires a significant degree of effective control of the Company by having his nominated directors appointed to the Board without any control premium being paid. Dr Abrahams would effectively gain control without paying Shareholders for the true intrinsic value of the business.

Whilst Dr Abrahams has disclosed his shareholding as being 8.04%, the Board also notes that Dr Abrahams' relevant interest in Pacific Smiles is 12.13% together with his associates.

Our current Board operates independently of any of the significant Shareholders of the Company, free to exercise its judgment in the best interests of the Company and all its Shareholders.

The Board believes that your current Directors and management team are more appropriately qualified for running Pacific Smiles than the nominees put forward by Dr Abrahams

Of the four proposed directors, two (Ms Susan Massasso and Dr Navroop Singh) have never served on the board of an ASX-listed company. The Board does not believe these individuals should be trusted to oversee a critical growth stage of Pacific Smiles.

The broader lack of experience of the proposed directors demonstrates that these individuals are not appropriately qualified for running Pacific Smiles.

Dr Abrahams presided over a sustained period of weak share price performance whilst on the Board of Pacific Smiles, as demonstrated in the chart below.

In contrast, during the current CEO's tenure, the Pacific Smiles share price has increased approximately 28%.



Further, in comparison to the incumbent Board, we believe Dr Abrahams' proposed directors are less experienced and less well credentialed.

7. The Board and management team are experienced in growing public businesses, are motivated to deliver the plan and to maximise Shareholder value

Our Board has presented a clear plan to Shareholders to execute on top-line and bottom-line growth for the Company, maximising the potential for the Company and our share price.

Our Board has significant private and public company experience both in Australia and overseas, including roles with ASX top 20 companies and overseeing the growth of some of Australia's most exciting start up businesses. We firmly believe this mix is required to deliver for Shareholders. While COVID-19 has hampered the recent execution, the trajectory and potential remain the same.

The Board and management are fully committed to delivering the plan.

For the reasons outlined above, the Board believes that the proposal put forward by Dr Abrahams is not in the best interests of Shareholders. While the Board is open to genuine engagement with its Shareholders and is eager to listen to and learn from constructive suggestions, the resolutions proposed by Dr Abrahams are grounded in none of these values. They simply seek to undermine the efforts and steadfastness of our committed Board.

We therefore strongly recommend (excluding any interested Directors abstaining) that you vote **AGAINST** the proposed Resolutions to protect your investment. We consider that the resolutions are **NOT** in the best interests of the Company or our Shareholders.

Forward-looking statements

This Notice contains forward-looking statements which are statements that may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expect', and other similar words that involve risks and uncertainties. These forward-looking statements are based on an assessment of present economic and operating conditions and on a number of best-estimate assumptions regarding future events and actions that, as at the date of this Notice, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Notice will actually occur and you are cautioned not to place undue reliance on these forward-looking statements.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 2 8072 1400 if they have any queries in respect of the matters set out in these documents.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Company means Pacific Smiles Group Limited ACN 103 087 449.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **EGM** or **Meeting** means an Extraordinary General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

Member's Statement means the member's statement attached to the Requisition Notice, provided to the Company in accordance with section 249P of the Corporations Act.

Notice of Meeting or Notice means this document.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Requisition Notice means the notice received by the Company on 4 November 2022 pursuant to section 249D of the Corporations Act.

Requisitioning Shareholder means Dr Alex Abrahams.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

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

Share Registry means Automic Pty Ltd.

Shareholder means a holder of a Share.



Requisition for meeting of members of Pacific Smiles Group Limited pursuant to section 249D of the Corporations Act 2001

TO:

Pacific Smiles Group Limited

Level 1, 6 Molly Morgan Drive Greenhills NSW 2323

(Company)

FROM:

Dr Alexander J Abrahams

(Member)

The Member, who holds at least 5% of the votes that may be cast at a general meeting in relation to the following resolutions, requests the directors of the Company to call, and arrange to hold, a general meeting of the Company under section 249D of the *Corporations Act 2001* (Cth) to consider, and if thought fit to pass the following resolutions as ordinary resolutions:

1. Removal of Zita Peach as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Zita Peach be removed as a director of the Company with effect from the close of the general meeting."

2. Removal of Phillip McKenzie as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Phillip McKenzie be removed as a director of the Company with effect from the close of the general meeting."

3. Removal of Mark Alan Bloom as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Mark Alan Bloom be removed as a director of the Company with effect from the close of the general meeting."

4. Removal of Hilton Brett as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Hilton Brett be removed as a director of the Company with effect from the close of the general meeting."

5. Removal of Simon Andrew Rutherford as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Simon Andrew Rutherford be removed as a director of the Company with effect from the close of the general meeting."

6. Removal of Scott Bryan Kalniz as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Scott Bryan Kalniz be removed as a director of the Company with effect from the close of the general meeting."

7. Removal of Andrew Stuart Knott as a director of the Company

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, Andrew Stuart Knott be removed as a director of the Company with effect from the close of the general meeting."

8. Removal of new directors

"That, pursuant to, and in accordance with, section 203D of the Corporations Act 2001 (Cth) and the Company's constitution, each person appointed as a director of the Company on or after 3 October 2022 and prior to the closing of this meeting (excluding any director elected at the general meeting) be removed as a director of the Company with effect from the close of the general meeting."

9. Election of Alexander J Abrahams as a director of the Company

"That Alexander J Abrahams, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

10. Election of Robin Low as a director of the Company

"That Robin Low, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

11. Election of Susan Massasso as a director of the Company

"That Susan Massasso, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

12. Election of Navroop Singh as a director of the Company

"That Navroop Singh, having consented to act, be elected as a director of the Company with effect from the close of the general meeting."

This document is signed by the Member as follows.

DATE:

4 October 2022

Signed by Alexander J Abrahams:

Request to distribute members' statement pursuant to section 249P of the *Corporations Act 2001* (Cth)

TO: Pacific Smiles Group Limited

Level 1, 6 Molly Morgan Drive

Greenhills NSW 2323

(Company)

FROM: Dr Alexander J Abrahams

(Member)

The Member, who holds at least 5% of the votes that may be cast on the resolutions described in the requisition for meeting of members of the Company pursuant to section 249D of the *Corporations Act* 2001 (Cth) (**Corporations Act**) dated 4 November 2022 given to the Company, requests that the Company gives all its members the Member's Statement annexed to this request in accordance with section 249P of the Corporations Act.

This document is signed by the Member as follows.

DATE: 4 November 2022

Signed by Alexander J Abrahams:

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Annexure A – Members' Statement for Requisitioned Meeting
See next page.

VOTE IN FAVOUR

Dear fellow shareholders,

I co-founded Pacific Smiles Group (**PSQ**) in 2003 and brought the company to IPO in November 2014. I served as Managing Director until September 2007 and continued as a director until July 2020. I hold 8.04% of PSQ's shares.

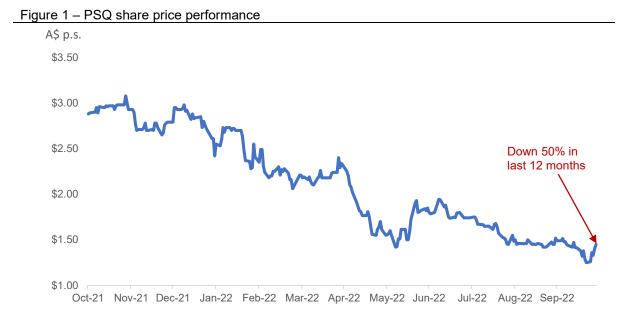
I requested this meeting to ask you to consider and to vote **in favour** of my proposed resolutions to replace the Board.

You can read more at http://www.psqvaluerecovery.com.au

With your support, the new Board can deliver profitable growth and restore the value of our investment in PSQ.

1. The current Board has presided over a material erosion of value and must be replaced

Our investment in PSQ has materially underperformed, as evidenced by *the 50% decline in the share price in the last 12 months* and no dividend issuance in FY2022.¹



¹ Based on 12 months to 28-Oct-2022. Source: Capital IQ.

2. The Board's rapid network growth strategy has turned a profitable business into a loss-making operation

In FY2022, PSQ added 19 new dental centres. It delivered a statutory **net loss after tax** of \$(4.5)m and a **negative return** on invested capital of (1.1)%.² In contrast, in the first year post IPO, PSQ delivered a statutory **net profit after tax** of \$8.4m and a positive return on invested capital of 22.5%.² PSQ was well managed for the four years post IPO, with steady profitable growth and consistent dividends.

Figure 2 – PSQ key financial metrics – FY2015 vs FY2022

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		FY2015 (post IPO)	FY2022	Change
Number of centres ³	#	49	127	159%
Number of chairs ³	#	226	534	136%
Revenue	A\$m	75	139	86%
Revenue per chair	A\$'000	331	261	(21)%
EBITDA	A\$m	18	11	(38)%
EBITDA per centre	A\$'000	371	89	(76)%
EBITDA margin	%	24%	8%	(67)%
Statutory NPAT	A\$m	8	(5)	(163)%
Ordinary dividends	A\$ p.s.	0.05	-	(100)%
ROIC ²	%	22.5%	(1.1)%	(105)%
Board and leadership ownership	%	25.9% ⁴	1.5%	(94)%
Share price	A\$ p.s.	\$2.35 (30-Jun-15)	\$1.45 (28-Oct-22)	(38)%

³ Excludes HBF centres and Lismore.

While many companies exercised prudence during the period of Covid-19 uncertainty, the current Board embarked on unchecked, accelerated network expansion. PSQ's network increased over 40% from FY19 to FY22 and now totals 127 centres.

Additionally, during FY2021, PSQ's underlying results were masked by Job-Keeper and temporary rent reductions.

In my opinion, the current Board failed to appropriately monitor the impact of its strategy and in the process, eroded significant shareholder value. Consequently, PSQ significantly underperformed its peers in the healthcare sector.

-

⁴ Excludes founder holdings of 36.5%.

² FY2015 and FY2022 ROICs source: Capital IQ.

Figure 3 – PSQ performance vs ASX listed healthcare peers

3			Share price	change in:
			12 months to	3 years to
Company	FY22 ROIC ²	FY22 dividend	28-Oct-2022	28-Oct-2022
Pacific Smiles (PSQ)	(1.1)%	N	(49.7)%	(18.1)%
Australian Clinical Labs (ACL)	38.9%	Υ	(24.6)%	n.a.
Capitol Health (CAJ)	5.3%	Y	(5.7)%	37.5%
Healius (HLS)	8.7%	Υ	(32.0)%	6.3%
Healthia (HLA)	3.0%	Υ	(31.0)%	52.2%
Monash IVF (MVF)	5.4%	Υ	1.6%	(5.9)%

3. There is no end in sight while the current Board remains

The current Board has failed to articulate a convincing plan to turn performance around.

The current CEO recently stated that operational leverage (margin) will not return until the company reaches 250 centres: "at some point when the growth does stop perhaps over that 250, a [relief] of margin as the business stabilizes and we get past the so-called immaturity stage. Right now, we're not there" (PSQ earnings conference call 17-Aug-2022).

At PSQ's current pace of centre expansion, reaching 250 centres will take seven years. This presents a grim prospect for profitability in the foreseeable future.

Many PSQ shareholders have no confidence in a Board that has presided over such a significant erosion of value and loss of dividends and has no clear plan to re-establish profitability.

4. Your proposed new Board has a track record of success

Your proposed Board comprises:

- Dr Alex Abrahams BDS (University of Sydney) GAICD PSQ founder, Dentist, proposed Chair. Current Directorships (ASX: MAM)
- 2. **Robin Low** BCom, (University of NSW), FCA, GAICD Audit, Risk, Professional Services, Financial Services, Technology. Current Directorships (ASX: APX, AUB, IPH, MMM)
- 3. **Susan Massasso** B.Comm (University of Sydney) GAICD Customer, Professional, Community building, Scale-up growth and Transformation. Executive experience (ASX: A2M)
- Dr Navroop (Nav) Singh BDS (Bada Farid University) Australian Dental Council (ADC) 2008
 12 years practising from Pacific Smiles Dental Penrith & Greenhills. Member PSQ Dental
 Advisory Committee

Your proposed new Board members are highly regarded professional directors, proven high impact executives or advanced clinical dentists and have the requisite skills to drive transformation and shareholder value at PSQ.

Full profiles of your proposed Board are available at www.psqvaluerecovery.com.au

5. Your new Board has a plan to transform PSQ's performance

If elected, your proposed new Board will immediately oversee the implementation of a transformation plan for PSQ. This will include a focus on people and culture.

The plan comprises two phases:

- 1. Margin recovery; and
- 2. A platform for sustainable network growth.

Core elements of Phase 1: Margin recovery - first 12 months

- Pause network expansion and focus on existing chair utilisation and returns
- Streamline management structure
- Disciplined cost management
- Overhaul culture for dentist and staff welfare and retention
- Review fee levels and Preferred Provider arrangements
- Implement front line and patient care technology
- Rebuild brand and reputation in industry and amongst all dentists

Core elements of Phase 2: Sustainable network growth - 12-24 months

- Develop pathway for dentist equity participation
- Drive discipline in capital expenditure and investment
- Profitably expand the network and refine and enhance the operating model

You can read more about the transformation plan at www.psqvaluerecovery.com.au/

6. We need your support to turn PSQ around

Immediate change is essential to restoring the value of your investment.

I urge you to **vote in favour** of all resolutions to remove the current Board and appoint the proposed new directors with myself as Chair

Dr Alex Abrahams

Mobile: 0421143686

Email: dralexabrahams@PSQvaluerecovery.com.au



Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by 10.00am (AEDT) on Saturday, 17 December 2022, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: https://investor.automic.com.au/#/home Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

https://investor.automic.com.au/#/log insah

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic

GPO Box 5193

Sydney NSW 2001

IN PERSON:

Automic

Level 5, 126 Phillip Street Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: https://automicgroup.com.au/

PHONE: 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY: I/We being a Shareholder entitled to attend and vote at the Extraordinary General Meeting of Pacific Smiles Group Limited, to be held at the offices of Automic, Level 5, 126 Phillip Street Sydney NSW 2000 and virtually at 10.00am (AEDT) on Monday, 19 December 2022 hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

is entitled to vote.Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

The Chair intends to vote undirected proxies AGAINST all Resolutions in which the Chair

VIRTUAL PARTICIPATION AT THE AGM:

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

- 1. Open your internet browser and go to investor.automic.com.au
- Login with your username and password or click "register" if you haven't already created an account.
 Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting

Further information on how to do this is set out in the Notice of Meeting. The Explanatory Notes that accompany and form part of the Notice of Meeting describe the various matters to be considered.



STEP 2 – Your voting direction

					•		
Res	solutions	For	Against	Abstain	Resolutions	For	Against Abstain
1.	Removal of Zita Peach as a Director				7. Removal of Andrew Stuart Knott as a Director		
2.	Removal of Philip McKenzie as a Director				8. Removal of a Director		
3.	Removal of Mark Alan Bloom as a Director				9. Appointment of a Director Alexander J Abrahams		
4.	Removal of Hilton Brett as a Director				10. Appointment of a Director Robin Low		
5.	Removal of Simon Andrew Rutherford as a Director				11. Appointment of a Director Susan Massasso		
6.	Removal of Scott Bryan Kalniz as a Director				12. Appointment of a Director Navroop Singh		
	ase note: If you mark the abstain box for and your votes will not be counted in				cting your proxy not to vote on that Resolu poll.	tion on a sh	ow of hands or on a
ST	EP 3 — Signatures and con	tact det	ails				
	Individual or Securityholder 1		Se	ecurityholder	2 Security	jholder 3	
		11					

Sole Director and Sole Company Secretary Contact Name: Email Address:

mail	Addı	ress:																			
Contact Daytime Telephone								_			Do	ıte (D	D/MN	1/YY)							
																-		-			

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).