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ASX ANNOUNCEMENT

Pacific Smiles Group Limited (ASX: PSQ)

28 November 2022

2022 Annual General Meeting

Pacific Smiles Group Limited (ASX: PSQ) will today address shareholders at its Annual General Meeting, commencing at 9:00am AEDT.

Attached is a copy of the Address and the Presentation to be delivered by the Chairperson, Ms Zita Peach, and the Managing Director & Chief Executive Officer, Mr Phil McKenzie.

Authorised for release by the Company Secretary.

For further information, please contact:

Investor Relations

Phil McKenzie

Managing Director and Chief Executive Officer

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**Pacific Smiles Group Limited
2022 Annual General Meeting
Chairperson Script**

Good morning, ladies and gentlemen.

Welcome to the 2022 Annual General Meeting for Pacific Smiles Group Limited. I am Zita Peach, Chair of the Company and of today's meeting.

I would like to firstly acknowledge the traditional custodians of the land on which I stand today: the Gadigal of the Eora Nation people and pay our respects to their Elders, past, present and future. I'd also like to acknowledge the Elders of the land where each of you are today – noting that many of us are in different Cities and Countries for today's meeting.

It is now 9:00am and there being a quorum present, I declare the meeting open for business.

I confirm that the meeting has been properly constituted.

In opening the 2022 AGM I would like to introduce the board and management team of Pacific Smiles Group Limited who are in attendance:

- Philip McKenzie, Managing Director and CEO
- Simon Rutherford, Director
- Mark Bloom, Director
- Hilton Brett, Director
- Scott Kalniz, Director
- Andrew Knott, Director
- Matt Cordingley, Chief Financial Officer
- Belinda Cleminson, Company Secretary

We are also joined today by Kevin Leighton from KPMG the Company's Auditor. The auditors will be available to answer questions on the conduct of the audit and the Audit Report for the year ended 30 June 2022.

Turning to slide 5, Our True Purpose is to improve the oral health of ALL Australians to world's best. This is the simple yet significant belief which all our people align to as a Dentist Service Organisation.

How we achieve this is in the form of three value propositions;

For dentists - it is that they are 'respected' and know that we are there for them to enable their professional excellence.

For our patients – it is that they can 'trust' us collectively as the local experts. They are our priority, we are here for them and their families.

For Pacific Smiles Group team members– it is that they 'matter'. The work they do makes a difference and we support it.

Turning to slide 6, As difficult as the past two years have been in the face of the unique challenges and disruption, this has not altered our long-term goals.

Our long-term strategic goals are underpinned by a strategy centred on culture, operational excellence, same-centre growth, innovation and network growth.



Culture underpins every successful enterprise. For Pacific Smiles it means ensuring our people share our purpose, enjoy what they do, and operate together as a seamless unit.

A positive culture will translate to strong dentist, patient and employee experiences and, ultimately, accretive shareholder returns. We regularly measure our performance through NPS scores, and they remain very positive.

We have recently made changes to our executive team that realigns talent with the opportunities the company has to capitalise on the investments made in the last 2 to 3 years.

While PSG has endured a very challenging period during the pandemic, the decisions we have made that reflect Board and Management's conviction in our business model, in spite of the short-term impacts, positions us to move forward strongly.

A recent survey by the Australian Dental Association found that two thirds of Australian adults had not visited a dentist in the past two years.

With so many dentist visits deferred during the pandemic, our investment in practitioner and employee retention, combined with the latent growth potential in our new centres, has uniquely positioned us to capture new patients and re-engage with existing patients who have deferred treatments during the pandemic.

Innovation and technology investment is important in the attraction and retention of dentists and patients. In FY23 we will be completing the rollout of the upgraded 3D scanners, delivering on our promise to dentists to support them in their practice with the latest technology.

While the focus in FY23 will be on driving returns from core assets we are expecting a renewed focus on innovation from FY24 onwards.

Our long-term growth target remains intact. We will continue to add new dental centres, positioning them in the right areas to maximise efficiencies and economies of scale, capitalising on market opportunities, at a rate that aligns with sensible management of our balance sheet and use of capital. We will also capitalise on low-cost growth upside by adding new chairs to existing centres.

In closing, before we turn to the AGM general meeting business, I would like to thank Phil and the members of the Executive Leadership Team for their care and leadership through a difficult year, also to our dedicated employees for their agility and focus this year which enabled a solid performance despite the challenges. I would also like to thank the dentists who choose to use our service and facilities and provide such high-quality care to patients. To our shareholders I would like to acknowledge the continued support we received over the past year. Lastly, I would like to thank my colleagues on the Board for their dedication and hard work during the year.



**Pacific Smiles Group Limited
2022 Annual General Meeting
Managing Director's Script**

Good morning everyone and thank you for joining us for the Pacific Smiles Annual General Meeting 2022. I'm Phil McKenzie, the Chief Executive Officer and Managing Director and today it is my pleasure to provide you with an update on company performance and progress.

Before I commence I would like to acknowledge how proud I am of all the people across the Pacific Smiles Group who have worked tirelessly with great pride and commitment to deliver exceptional results under a tough set of circumstances.

At the same time to the dentists who practice at Pacific Smiles I would also like to say thank you. The trust and respect they give us by choosing to operate their practice in our network drives our commitment to growth and the delivery of our True Purpose.

Turning to Slide 18, I'll start with the key points of the full-year result.

Covid-related disruptions had a significant impact on the ability of our dental centres to operate at capacity during most of FY22 and that is evident here.

Patient fees for the year were \$226.4 million, down 6.0% on the prior year.

This was driven by a 10.1% decline in same-centre patient fees and a lag in the growth we customarily see from new centres.

Underlying EBITDA was down 65.9% to \$11.3 million for the year and the company recorded an underlying net loss of \$3.2 million in FY22. I would note that FY21 EBITDA included \$3.1 million in net JobKeeper that was not repeated in FY22.

We expanded our dental centre network by 19 to 127 locations for the full financial year 2022, excluding HBF-owned centres. These new centres are in high quality locations well positioned within our broader network.

Unfortunately, we made the difficult decision to permanently close our centre in Lismore, following the devastating floods in that region. Pursuant to that closure we were able to consolidate our Northern Rivers operations into our Ballina centre, such that our staff could remain employed and dentists able to treat their patients.

The pace of further network expansion will be sensibly managed in FY 2023 as we focus on adding capacity in existing centres.

Given this result and the unique operating challenges we felt it was prudent not to declare an interim or final dividend for FY22.

Despite the difficult year, our network and our business is very well positioned to benefit from the increased demand for dental services as Australia emerges from the worst of the pandemic.

Turning to slide 19, we opened 19 new centres during the year – 13 in New South Wales, 4 in Victoria and 2 in Queensland.

New openings were supported by our tried-and-tested pre-booking campaigns and forward bookings were strong for each of the new openings including several records.



It's a credit to the team that we were able to deliver these 19 centres amongst the disruptions caused by Covid to normal construction and fit-out timelines and at a reduced capital construction cost relative to prior years.

As well as our own centres we added four new HBF Dental centres to the network, taking the total of these to six centres by the financial year end. We operate these centres under a managed-service agreement with HBF, an important corporate partner.

As well as opening new centres, adding to the volume of dental chairs in operation across our established network gives us the capacity to service growth in demand at a lower incremental cost.

For the full year we have added 72 new dental chairs, including 15 in existing centres, taking us to 534 dental chairs commissioned across the network by the end of the year. This number excludes chairs in HBF Dental centres, and three chairs in Lismore NSW and two in Phillip ACT that were no longer operating as at period end.

By the end of the year we had more than 850 dentists practicing from Pacific Smiles centres, with a retention rate in FY22 above 85%. That's a particularly pleasing result given the disruption we faced and is testament to the decision that was made by the company to keep all centres open and provide the opportunity for our dentists to continue to practice.

The Patient experience at a PSG centre is a critical measure of our ability to retain our patients and support dentists. We received a net promoter score of more than 85 in FY22, a very pleasing result during a trying period.

Our employee retention rate of just over 75%, just slightly down on the prior year, supports the decision to keep all our centres open throughout the pandemic in 2022. We offer our employees a long-term vocation, advancement opportunities and career pathway that engenders loyalty to PSG. Our employees matter to us

Turning to slide 20, where I want to touch on the initiatives underway to ensure ESG principles are embedded throughout Pacific Smiles.

We are a purpose-driven organisation - our goal is to improve the oral health of all Australians to world's best.

We also want to ensure that our business reflects community expectations around commitments to sound environmental management, social equity and good governance.

On the environmental front we have committed that 25% of our energy purchased, via direct contracts with energy retailers, will be from renewable sources for three quarters of the FY2023, with the new contracts taking effect from 1 October 2022.

We are also in the process of transitioning our main supply of dental consumables to FSC-certified packaging, which is more recyclable. A drive to paperless invoicing and patient forms will also reduce paper consumption – by 100,000 sheets according to our estimates.

Inclusion and diversity is an important focus. Among other initiatives we introduced AI technology to help eliminate bias from candidate screenings.

On governance, we continue to review and update our corporate policies and procedures to guide appropriate behaviours and build transparency through our Board Sub Committees.

Turning to Slide 21, I'd like to update you on the managed services agreement we have in place



with HBF in Western Australia.

HBF is the largest health fund in Western Australia and is a fixture in that state's health care landscape. HBF Market share as quoted in their 2021 annual report is 7.3%.

We opened four new HBFD centres in FY22 taking the total number of these centres to six with 46 dentists practicing. HBFD provided over 10,000 appointments and the NPS reached almost 80 for FY2022.

The new centres performed strongly – all were typically booked out six weeks in advance.

All HBFD centres have state of the art facilities with top-of-the-line ergonomic and functional surgery chairs, 3D imaging and scanners. These are all an important feature for our dentists along with clinical autonomy and appointment book fulfilment.

HBF dentists are included in our Pacific Smiles Insight Graduate Development programs and have access to online learning, leadership and mentoring programs.

Turning to slide 22, I think it's important to highlight to investors the opportunity that Pacific Smiles has as we head into FY2023 to grow shareholder returns.

There are really six key pillars that underpin this opportunity.

Firstly, our considered investments in new centres over the last two years have been in high quality locations that are complementary to our existing network, which generates operating efficiency for us.

Secondly, it is evident that many Australians, some of whom are patients of Pacific Smiles, and many who are not, have not been to the dentist during the pandemic. This is an opportunity for Pacific Smiles to capture the expected increase in demand for dental services going forward and to increase our market share.

We have already touched on the investment we have made in the retention of our staff and practitioners. This investment will allow Pacific Smiles to be able to service that expected increase in demand as patients commence a return to their usual dental appointment patterns.

Building on the retention of staff and practitioners, is the reality that this has created capacity within our centres and operating structure to see higher volumes of patients, without materially increasing costs. This is the opportunity for margin recapture and growth.

The maintenance of the health and stability of relationships with our key long-term partners has been fundamental to ensuring the collective well-being of all stakeholders in Pacific Smiles. Across our key suppliers, partner health funds, landlords, builders, HBF in Western Australia and our financing counterparty, they are relationships that will ensure Pacific Smiles should continue to grow and deliver shareholder returns.

And finally, Pacific Smiles has now completed a two-year period of significant investment in our infrastructure and IT systems. This investment will lead to the streamlining and simplification of many of our processes and create efficiencies for the business. Enhancements in practitioner and patient experience will be evident following the delivery of a single patient record and investments in modern equipment such as 3D scanners.

Turning to slide 23, Pacific Smiles Group is pleased to provide a trading update as follows:

Performance to date for FY23 as of 15th November 2022 has been:
Patient Fees YTD \$98.3m



Patient Fee increase YoY 32%
Same Centre Patient Fee Growth is 25%

A reminder that November and December are generally the highest fee generating months in the financial year.

There is no change to PSG's previously stated guidance (assuming no exacerbation in COVID-19 related interference above what the business is currently experiencing). Guidance is as follows (excluding the impact of AASB 16 Leases)

- Patient fees between \$270m and \$285m
- Underlying EBITDA between \$24m and \$27m
- 5 new PSG centres and 2 new HBFD centres to be opened in FY2023

Top end of the guidance range assumes that there is a further reduction in patient cancellation rates and practitioner absences.

PSG reaffirms its intention to reinstate dividends in FY2023, subject to trading conditions and profitability.

In closing on behalf of the executive leadership team I want to say thank you to all the Pacific Smiles teams whether they are field based leaders, the dedicated folks out in centre operations or those equally dedicated people working in our support centre.

Your efforts and energy are incredibly important and very much appreciated. I would also like to express my thanks to the Directors of Pacific Smiles Group.

At PSG we are building on our momentum and are excited to further extend our position as the leading Dentist Services Organisation in Australia.

I will now hand back to Zita, there will be an opportunity to ask questions at the end of the meeting.

I would like to thank you all for your time today.

Annual General Meeting

Zita Peach
Chairperson

Phil McKenzie
Managing Director &
Chief Executive Officer

28th November 2022

PACIFIC

SMILES GROUP

**Pacific
Smiles
Dental**




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Pro forma financial information

Pacific Smiles uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

Pacific Smiles considers that this non-IFRS financial information is important to assist in evaluating Pacific Smiles' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendices of this presentation.

All dollar values are in Australian dollars (A\$) unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.



Zita Peach
Chairperson's Address

AGM Agenda

1. Chairperson's Address
2. Annual General Meeting Business
3. Chief Executive's Address
4. Extraordinary General Meeting Update

A photograph of a family of three in a park at sunset. A woman with long brown hair is smiling and looking towards a young boy with freckles who is carrying a young girl on his shoulders. The scene is bathed in warm, golden light from the setting sun, creating a soft, happy atmosphere. The background shows a grassy field and trees with some bokeh effect.

Our true purpose is
to improve the oral
health of **ALL**
Australians to
world's best.

Our dentists are **respected** by us
Our employees **matter** to us
Our patients **trust** us

Long-Term Strategy and Near-Term Focus

>250 centres, >800 chairs, >15% EBITDA margin & 5% market share

Near-Term



Culture

- Investment in our dentist, patient and employee experience measured via our Net Promoter Scores (NPS), which have consistently trended upward in recent years, will continue to support shareholder returns



Operational Excellence

- New leadership structure singularly focused on capitalising on our investment in systems and infrastructure that will drive operational efficiency, productivity improvements and economies of scale within PSG's expanded network



Same Centre Growth

- Deferral of dental visits by Australians during the pandemic presents a significant new patient capture and existing patient recall opportunity for PSG
- Latent low-cost growth upside embedded in our network through stabilising patient schedules and adding new chairs to existing centres



Innovation

- The final stage of our investment rollout of upgraded 3D scanners to be completed in FY 2023 – keeping our promise to dentists
- Management focus on maximising returns on our core assets in FY 2023 will lead to more innovative activity in FY 2024 and beyond



Network Growth

- Our long-term growth plans stated above are unchanged
- The rate of investment in new centres will be sensibly balanced against profitability expansion and prudent capital management

Long-Term

Pacific
Smiles
Dental

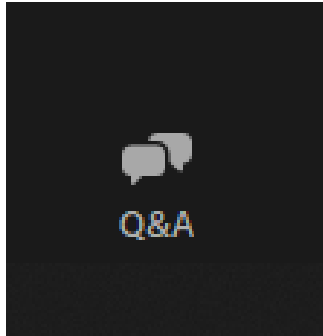
Newcastle's
Local Dentist

Annual General Meeting Business



Online Q&A

1. Click on the Q&A icon



2. Type your question in the new Q&A window **OR**

3. If you wish to ask a question verbally, type your SRN/HIN and type "I would like to speak".

Type your question here...

4. Hit enter on your keyboard to submit your message

Cancel

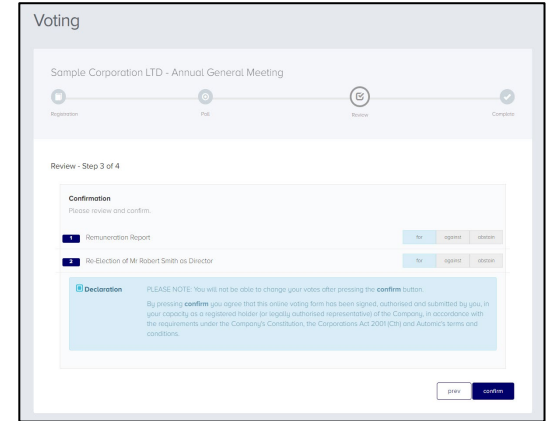
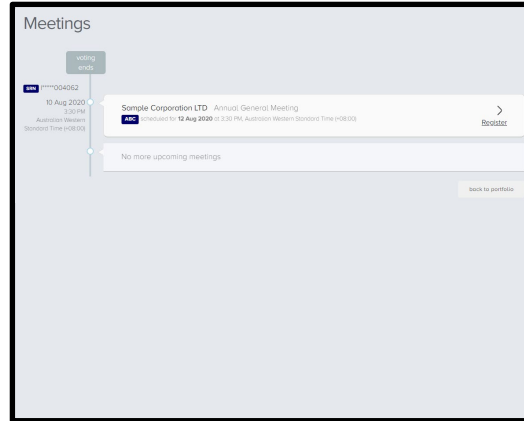
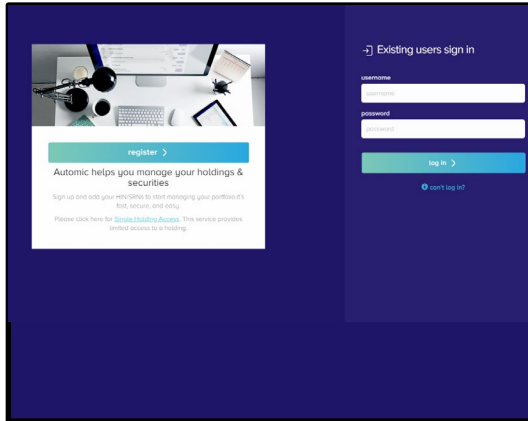
Send

Registration and Voting

1. Log in or register at:
<https://investor.automic.com.au/#/home>

2. Click view and register your attendance for the meeting

3. Record your vote. Once you confirm it is lodged and final



Financial Statements & Reports



“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Resolution 1

Adoption Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2022.”

Proxies		
For	Against	Open
79,148,099	44,103,366	273,002
64.07%	35.70%	0.22%

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2

Election of Andrew Knott as a Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That Andrew Knott, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company’s Constitution and ASX Listing Rule 14.4, be elected as a Director of the Company, effective immediately.”

Proxies		
For	Against	Open
63,732,825	57,441,709	270,837
52.48%	47.30%	0.22%

Resolution 3

Re-election of Zita Peach as a Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That Zita Peach, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers herself for re-election as a Director of the Company, effective immediately.”

Proxies		
For	Against	Open
81,521,461	25,963,703	268,037
75.66%	24.10%	0.25%

Resolution 4

Re-election of Mark Bloom as a Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That Mark Bloom, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

Proxies		
For	Against	Open
81,523,900	25,963,703	268,037
75.66%	24.10%	0.25%

Resolution 5

Approval of Issue of Incentive Securities to Philip McKenzie, Managing Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,000,000 Performance Rights under the Long Term Incentive Plan (LTIP) to Philip McKenzie, Managing Director and Chief Executive Officer, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Proxies		
For	Against	Open
58,015,292	67,556,872	268,037
46.10%	53.68%	0.21%

CONDUCTING OF THE POLL



Phil McKenzie

Chief Executive Officer's Address

FY 2022 Performance¹

\$226.4m

Patient Fees – down 6.0%

(10.1%)

Same Centre Growth

(\$3.2m)

Underlying NPAT

127

Dental Centres² – up 16.5%

\$11.3m

Underlying EBITDA – down 65.9%

Nil

Ordinary Dividends – down 2.4cps



Notes:

1. Comparison to FY 2021
2. Excludes HBF dental centres and is following the closure of our Lismore centre which sustained significant flood damage earlier this year

Operational Snapshot

19 new

Dental Centres

And 4 new HBF dental centres

>85

Patient Net Promoter Score

>75%

Employee Retention

72 new

Dental Chairs¹

15 chairs in existing centres

>850

Number of Dentists²

>85%

Dentists Retention



Notes:

1. Excluding HBF, and excluding the closure of our ETD Phillip and PSD Lismore centres
2. Number of dentists as at 30 June 2022 and includes 46 HBF Dentists

ESG - How we make a difference?

Through strategic initiatives in the field, at our Dental Centre Support office and in our new centre build schedules



- 25% of energy purchased via direct contracts with retailers will be from renewable sources, taking effect from 1 October 2022
- Our major dental consumables supply is in the process of transitioning to FSC-certified packaging, responsibly sourced and with a higher recycled content
- We implemented paperless invoicing and patient e-forms saving approximately 100,000 sheets of paper



- Our inclusion and diversity program in 2022 included the introduction of AI technology to reduce bias from candidate screenings in our recruitment process
- We give back. We continue to engage in Dental Rescue & Adopt-a-Patient days and in 2023 we will host work experience programs for high school student through the Mindshop Excellence Program



- We build transparency and trust through strong governance
- Our policies and procedures guide our people on how to make the right decisions and demonstrate ethical behaviours

HBF Dental

4 new centres opened FY 2022, taking the HBFD network to 6 dental centres

New centres continue to open with strong patient volumes, typically fully booked for the first 6 weeks upon opening

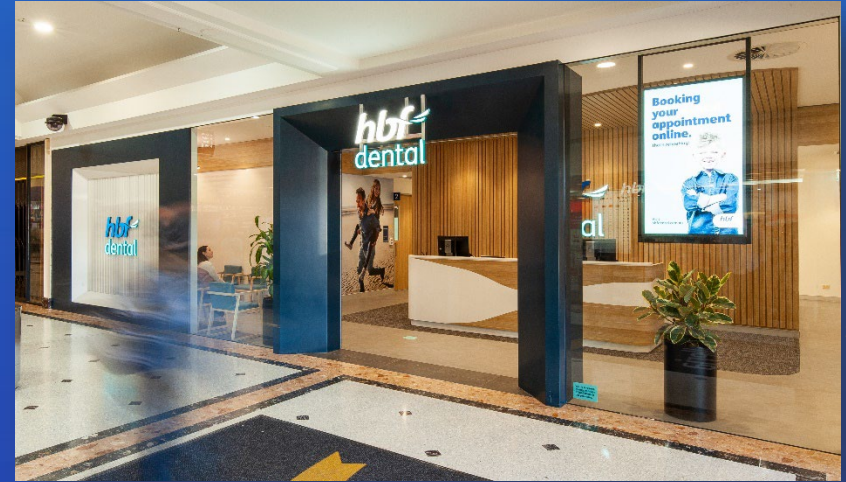
46 dentists as at 30th June 2022

Continuing to attract high-quality practitioners and existing dentists that are taking up more hours per week

Dentist development launched with inclusion in the Insight Graduate Program and access to an online learning platform

State of the art facilities including on site 2D and 3D on site imaging as well as Intra Oral Scanners

Dedicated leadership development programs for HBF employees for existing and future leaders



WA
6 Centres

hbf
dental

PSG's Opportunity in FY 2023

Positioned to capture rebound in demand and operating efficiency to grow shareholder returns

PSG has invested in new centres in high quality locations in FY 2021 & FY 2022

Unique opportunity to capture and consolidate market share

Our retention of staff and practitioners underpins our model

Realisation of operating and labour efficiencies

Stable long-term relationships and partnerships strengthened through COVID-19

Investment in infrastructure and systems to attract and retain patients

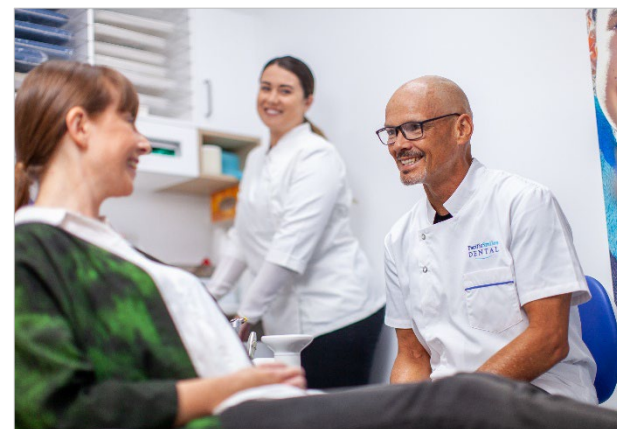
- Over the last two years, PSG has invested in new centres that are high quality and are complementary to the existing sites in our network
- We expect these centres to generate operating efficiencies contributing to attractive shareholder returns over their life
- Significant opportunity to capture new patients and re-engage with existing patients
- A recent survey by the Australia Dental Association found that only 13% of Australians have visited a dentist in the past 12 months, and 40% have not been in the past 2 – 5 years
- The retention of such a high proportion of our staff and practitioners through the worst of the pandemic means that our centres are well equipped to service the increase in demand for oral care that is expected in FY 2023 and beyond
- The capacity in our operating structure means that PSG can meet the expected increase in patient demand without materially increasing our cost base – the benefit of leverage, translating to margin recapture opportunity
- PSG has long and trusted relationships that have been strengthened through the recent complexity
- Partnerships with HBF, critical suppliers, landlords, health funds and our financier, buttress the strength of our own organisation to grow shareholder returns
- PSG has completed a significant upgrade in its systems and infrastructure over the last two years and is now positioned to capitalise on this investment
- A single patient record in the cloud, e-forms, an internally-managed data warehouse, an upgraded ERP and 3D scanners for dentists... all combine to position PSG to have higher value engagement with our practitioners and patients to improve their experience and attachment to PSG

FY 2023 Trading Update

(Excludes the impact of AASB16 Leases)

- Performance to date for FY 2023, as of 15th November 2022, has been:
 - Patient Fees YTD \$98.3m
 - Patient fee increase YOY 32%
 - Same centre patient fee increase 25%
 - November and December are generally the highest fee generating months in the financial year
- **No change to PSG's previously stated guidance for FY 2023 (assuming no exacerbation in COVID-19 related interference above what the business is currently experiencing)**
 - **Patient Fees between \$270m and \$285m**
 - **Underlying EBITDA between \$24m and \$27m**
 - **5 new PSG centres and 2 new HBFD centres to be opened in FY 2023**
 - **Includes \$4m of drag from loss-making new centres¹ (FY 2022: \$5m)**
- Top end of the guidance range assumes that there is a further reduction in patient cancellation rates and practitioner absences
- **PSG reaffirms its intention is to reinstate dividends in FY 2023, subject to trading conditions and profitability**

Note: 1. FY 2020 to FY 2023 cohort





Zita Peach

EGM Update

Update on Extraordinary General Meeting (EGM)

- An EGM has been requisitioned by Dr Alex J Abrahams (Dr Abrahams), who holds approximately 8.04% of the shares in Pacific Smiles
- The meeting is to consider a proposal to:
 - remove each of the seven (7) current Directors of the Company, including the CEO;
 - to be replaced by four (4) new directors put forward by Dr Abrahams, including himself
- The EGM 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
- You are able to vote either:
 - In person;
 - Virtually at the meeting; or
 - By Proxy instruction (must be received no later than **10:00am (AEDT) on Saturday, 17 December 2022**)

The Board does NOT believe that Dr Abrahams' plans are in the best interests of Shareholders

We encourage Shareholders to review the Notice of EGM and Performance and Strategy Update in detail and vote AGAINST all resolutions

Our Responses to Dr Abrahams' Proposal

- 1** Pacific Smiles' medium and long-term prospects are positive. The Company is well positioned for a rebound in demand post COVID-19 due to the strategic investments made during the pandemic in selective new centre expansion, retention of staff and IT systems
- 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
- 7** The Board and management team are experienced in growing public businesses, are motivated to deliver the plan and to maximise Shareholder value

