1H FY24 Result

27 February 2024

PACIFIC SMILES GROUP

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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.

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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.

See page 32 for a glossary of the key terms used in this presentation.

Andrew Vidler
Chief Executive Officer / Managing Director

Matthew Cordingley
Chief Financial Officer

Agenda

01 HY24 Result Overview

02 HY24 Financial Summary

03 Sector Tailwinds & Growth Strategy

04 Outlook

05 Q&A

1. HY24 Result Overview

HY24 Key Highlights

KEY OPERATING AND FINANCIAL METRICS CONTINUE TO STRENGTHEN

Strong Top Line Growth

Patient Fees $147.1m +10.4% YoY

Pacific Smiles is seeing **growth across all centre cohorts**

5.4% increase in appointment volumes YoY

Improved Operating Efficiency

Staff / Prac Ratio lowest since 1H20

Ongoing improvement in **labour productivity**

Cancellation rates continue to decline and are now at pre-pandemic levels

Rising Utilisation

All cohorts utilisation rose vs 2H23

Utilisation continues to improve across all cohorts, in particular newer cohorts

Key focus on **increasing utilisation** of our in-situ assets

Expanded Profitability

Underlying EBITDA $13.9m ; NPAT $4.4m

Strong **revenue growth and ongoing efficiency improvements** have materially benefited earnings, with margins up 260bps YoY, despite impact of inflationary cost pressures

Continued Deleveraging

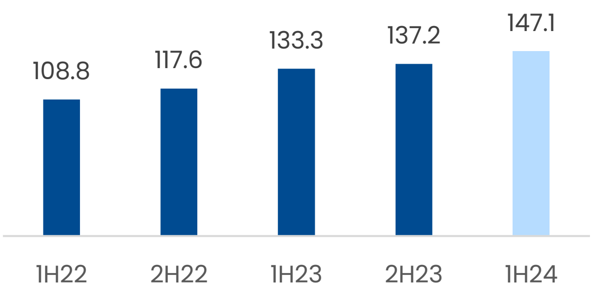
Net Cash $13.3m Dividend 2.1cps

Strong financial performance and cash flow has allowed for an **interim dividend and further debt repayment**

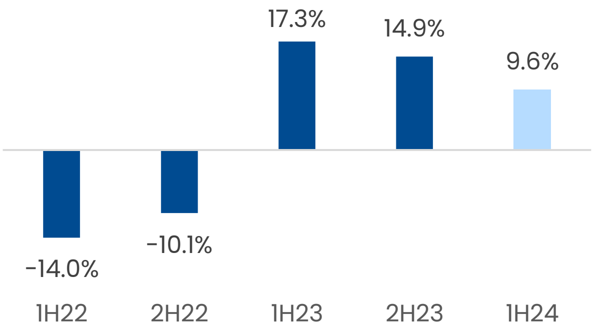
HY24 Financial Highlights

STRONG FINANCIAL OUTCOMES DESPITE INFLATIONARY COST PRESSURES…

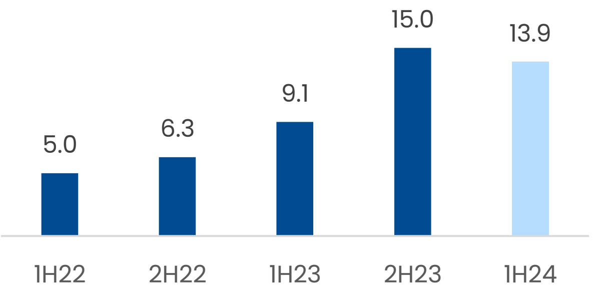
Patient Fees ($m) – continued growth



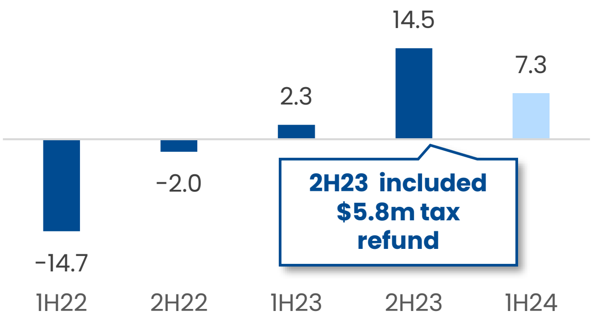
Same Centre Patient Fee Growth – normalising



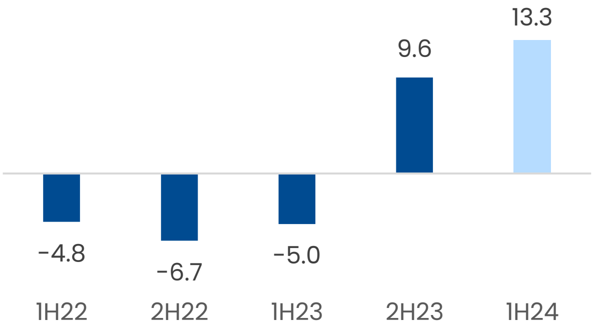
Underlying EBITDA ($m) – resilient earnings



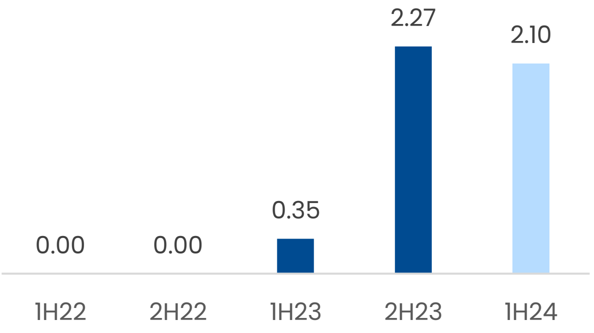
Free Cash Flow ($m) – remains positive



Net (Debt)/Cash ($m) – strong balance sheet



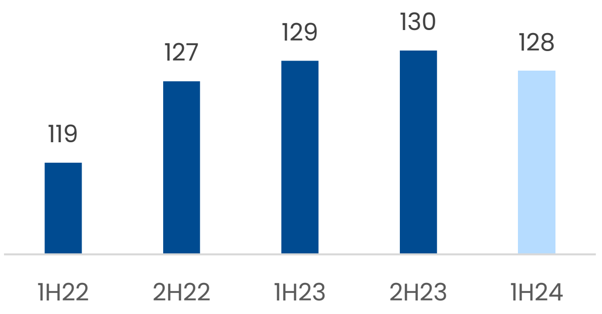
Dividend (cps)



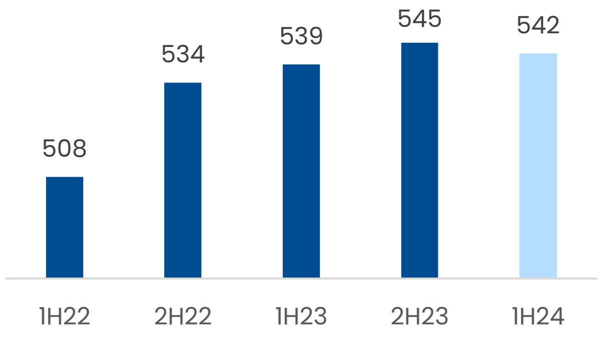
HY24 Operational Highlights

…AS PRODUCTIVITY AND UTILISATION IMPROVE FOLLOWING MODERATION OF PREVIOUS RAPID EXPANSION

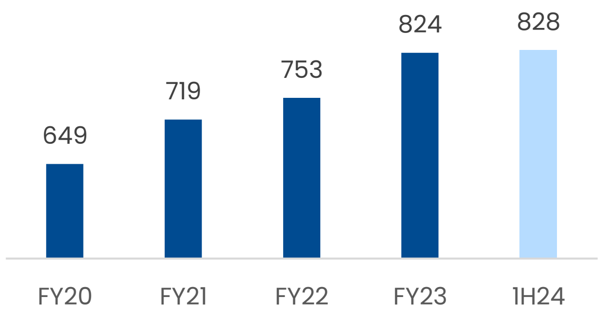
Dental Centres[1]



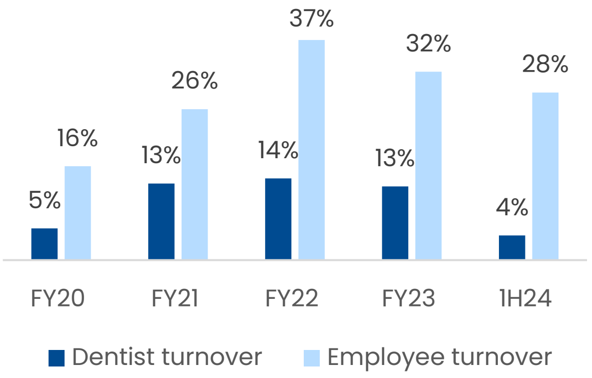
Dental Chairs[2]



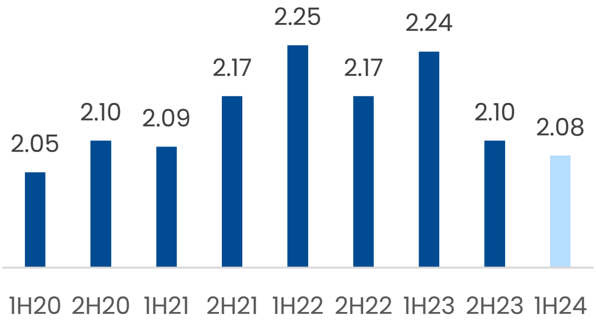
Number of Active Dentists[3] (inc HBFD)



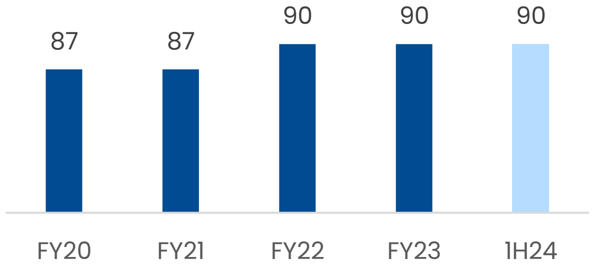
Annualised Dentist & Employee Turnover



Staff to Practitioner Ratio at pre-pandemic levels



Patient Net Promoter Score

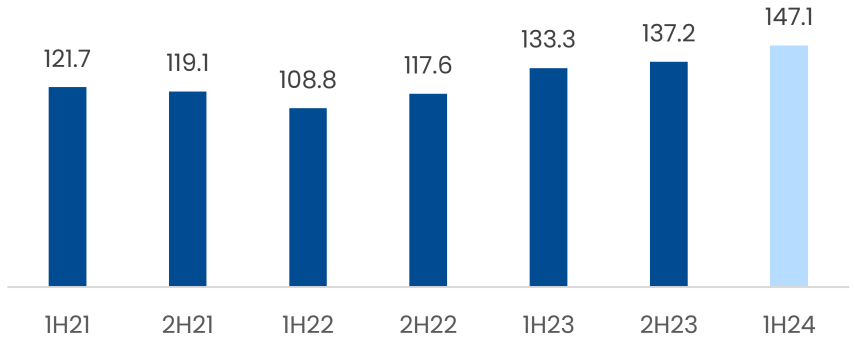


1. PSD and nib Newcastle merged into one site and PSD and nib Woden also merged into one site in FY24, reducing the total centres by 2.
2. Excludes HBF Dental (and Parramatta Uni in FY23); reduction in chairs in 1H24 relates to the merger of PSD and nib Newcastle.
3. Number of active dentists as at 31 December 2023, includes 61 HBF Dental dentists (prior disclosure included inactive dentists). Active dentists are SFA dentists invoiced in the last month of the period, and locum dentists invoiced during the final six months of the period.

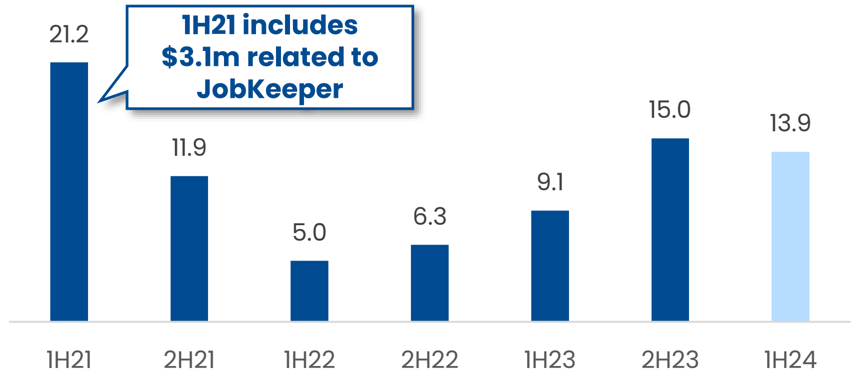
Patient Fees and Earnings

PATIENT FEE GROWTH DRIVEN BY NEWER CENTRES, WHICH HAVE IMPROVING MARGIN PROFILES

Patient Fees ($m)



Underlying EBITDA ($m)



Total patient fees increased 10.4% YoY to $147.1m on:

- Growth in appointment volume growth, in particular more recent cohorts; and
- Growth in practitioner average hourly rate.

Trading conditions are reflective of the prevailing economic climate, with centres in geographies that are more exposed to higher interest rates and lower PHI participation rates slightly lagging the growth in the broader portfolio.

However, total and same centre patient fee growth remains positive across all cohorts.

Underlying EBITDA increased 51.7% YoY to $13.9m on:

- Higher revenue; and
- Improved operational efficiency, underpinned by continued staff to practitioner ratio improvements.

Inflationary cost pressures became more evident in 1H24, driven mostly by the recent Fair Work decision and also CPI-linked lease expenses. **This was partly offset by a reduction in consumables costs** due to improved supplier partnerships and focused in-centre inventory management.

Centres become significantly more efficient as they grow their patient base, which should drive further improvement in financial performance.

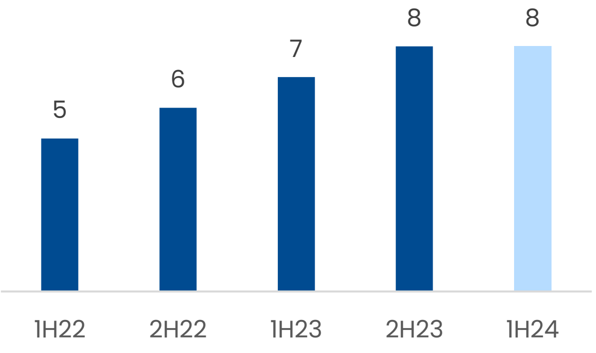
Labour efficiency is approaching historic levels, which is contributing to improved dental centre margins.

Staff turnover continues to decline, improving financial outcomes, centre operating stability, and the dentist experience.

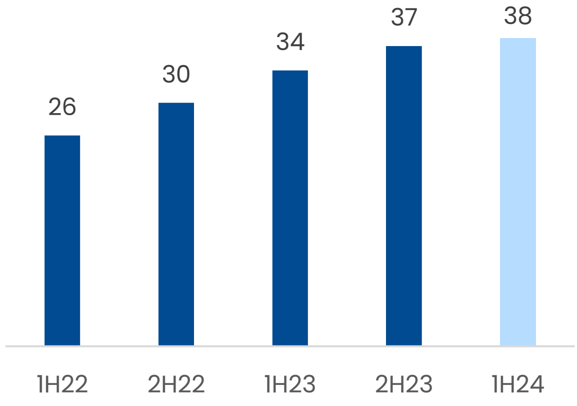
HBF Dental

COLLABORATIVE PARTNER PROGRAM OFFERS ONGOING OPPORTUNITY FOR GROWTH

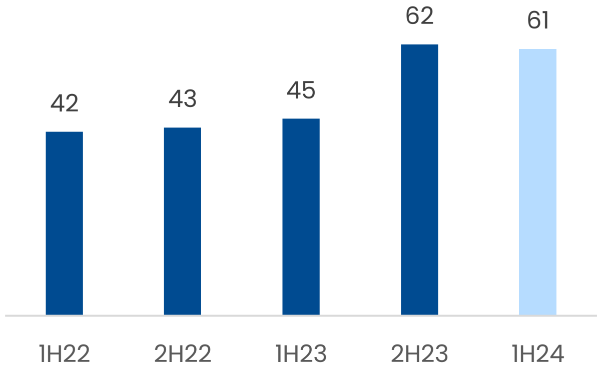
Dental Centres



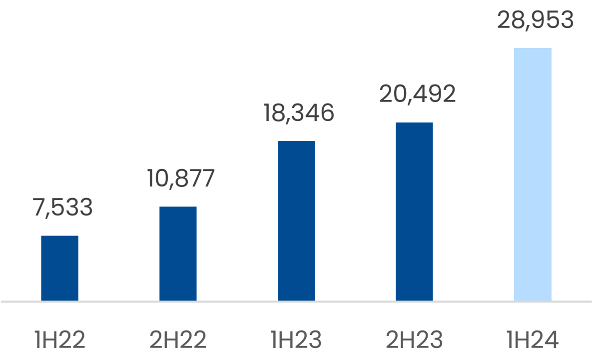
Dental Chairs



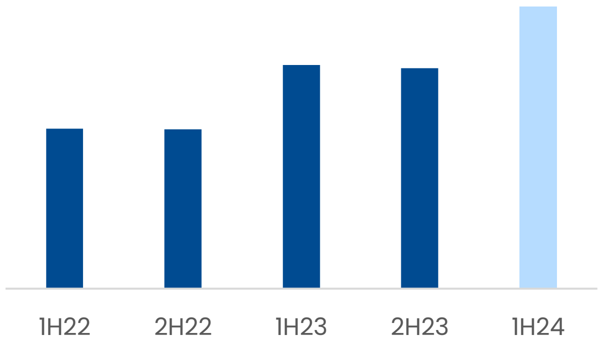
Number of Active Dentists[1]



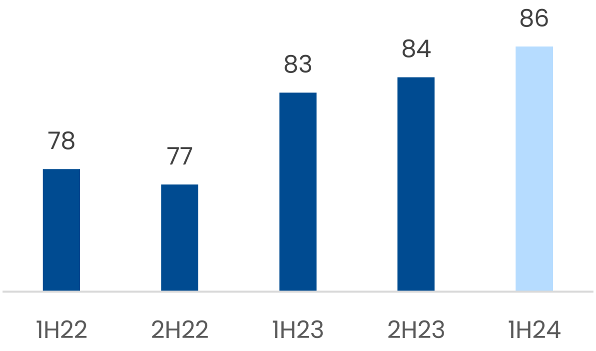
Attended appointments



Utilisation



Patient Net Promoter Score

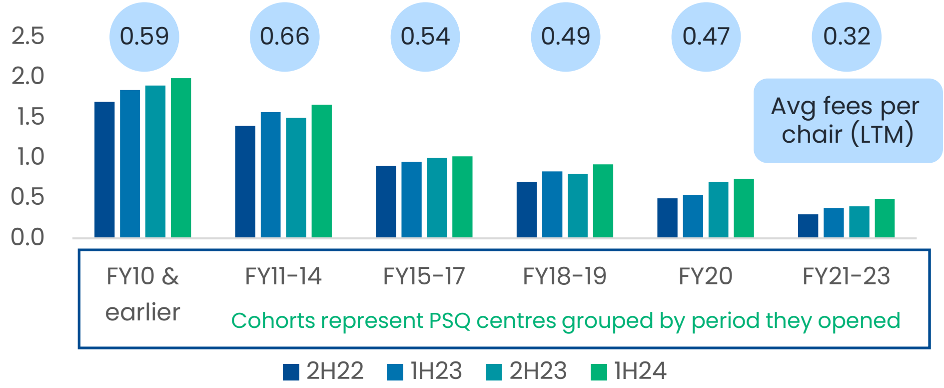


1. Number of active dentists as at 31 December2023

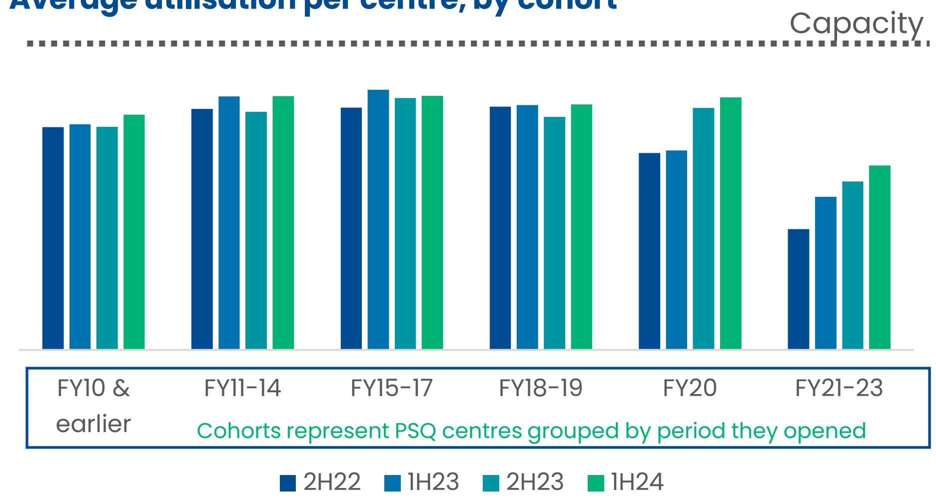
Cohort Performance – Fees & Utilisation

PERFORMANCE IMPROVING ACROSS ALL COHORTS, WITH FURTHER UPSIDE ON PREVIOUS INVESTMENT

Average patient fees per centre, by cohort ($m)



Average utilisation per centre, by cohort



Average patient fees rose across all cohorts in 1H24, largely in line with expectations.

There remains ample further capacity for growth across key cohorts, especially newer cohorts as the business continues to fill capacity by attracting new patients and correspondingly increasing practitioner hours worked.

Utilisation continues to improve across all cohorts, in particular newer cohorts in line with their conventional ramp profile. Mature centres have also demonstrated capacity to grow as practitioners in these centres increase their hours worked to meet demand, especially during the busiest periods at the end of the health fund ancillary claiming period (mid November to late December).

Note: Lismore, Haymarket, Everything Dentures and JobKeeper have been excluded for comparability
See appendix for relevant data tables

2. HY24 Financial Summary

HY24 Income Statement

SIGNIFICANT IMPROVEMENT IN PROFITABILITY DRIVEN BY REVENUE GROWTH AND OPERATING EFFICIENCY

$m	1H24	1H23	Change
Revenue	90.0	81.6	10.3%
Gross profit	85.3	77.9	9.5%
Underlying EBITDA	13.9	9.1	51.7%
Depreciation & amortisation	-8.1	-7.9	3.3%
EBIT	5.7	1.3	355%
Net interest expense	-0.2	-0.5	-70.2%
Profit before tax	5.6	0.7	667%
Tax	-1.2	-0.2	524%
Net profit after tax	4.4	0.5	718%
Key financial metrics			
Earnings per share (cents)	2.7	0.3	800%
Underlying EBITDA to Revenue margin	15.4%	11.2%	+421bp
Underlying EBITDA to Patient Fees margin	9.4%	6.9%	+250bp
Underlying EBIT to Revenue margin	6.4%	1.5%	+483bp
Corporate EBITDA to Patient Fees margin	6.7%	7.3%	-61bp

Figures are Underlying and exclude the impact of AASB 16 (see reconciliation in appendix)

Revenue increased 10.3% YoY to $90.0m on improved patient and practitioner volumes, with **same centre patient fees rising 9.6% YoY**.

Corporate EBITDA to Patient Fees improved 61bps YoY as management remained focused on ensuring prudent support cost levels, with support office headcount remaining stable.

Underlying EBITDA increased 51.7% to $13.9m on revenue growth and improved operational efficiency, underpinned by continued staff to practitioner ratio improvements.

EBITDA generated by newer cohorts (established during and since FY20) has continued to improve as their margin profiles mature.

EBITDA generated by older cohorts (established during FY19 and earlier) increased 15.0% YoY on a combination of improved volumes and more efficient use of labour.

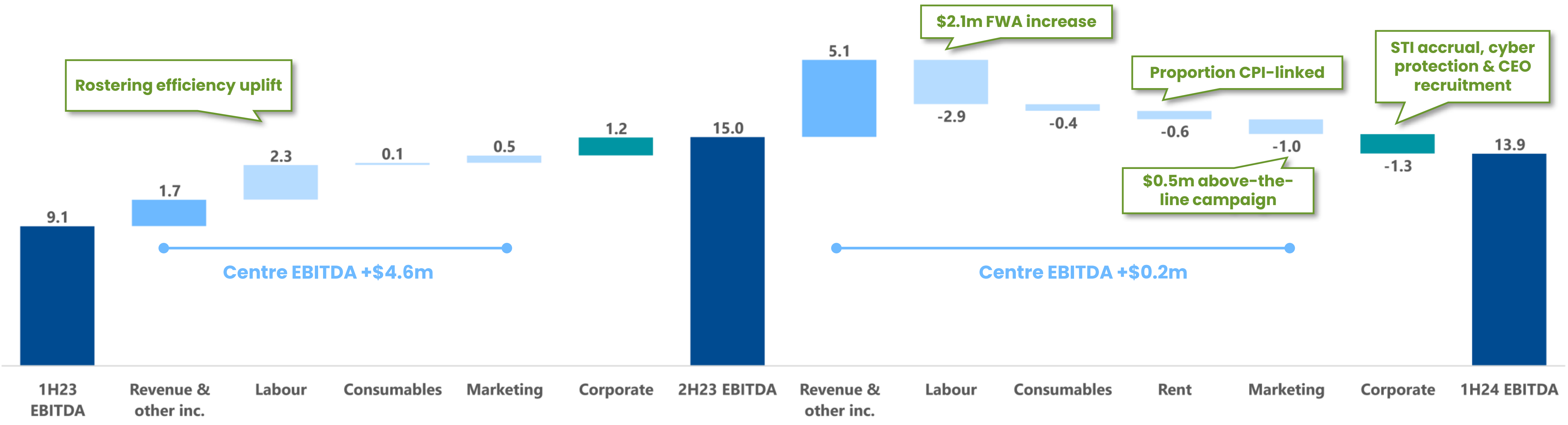
D&A increased 3.3% despite a significant reduction in capital expenditure due to new centre capex and finalisation of our large technology projects in FY23.

NPAT improved significantly vs the pcp on the combination of strong revenue growth, operating leverage across the centre network, prudent corporate cost management, and reduced interest expense.

The 1H24 result includes $0.2m related to payroll tax for dentists operating under Service & Facilities Agreements in the current year.

HY24 EBITDA Bridge

EARNINGS RESILIENT AGAINST INFLATION, FUTURE UPSIDE FOLLOWING CURRENT COST CATCH-UPS



Continued Centre EBITDA growth despite a number of inflationary cost increases are expected to be stabilising going forward

Labour efficiency of $0.7m in 1H24 offset by a $2.1m increase from FWA and $1.5m of marginal wages on growth

Corporate costs negative variance driven by an STI accrual increase of $0.6m (payable subject to full-year performance) and costs associated with CEO recruitment and increased investment in cyber security

HY24 Cash Flow

PACIFIC SMILES GROUP

SOLID COST CONTROL AND TARGETED CAPITAL DEPLOYMENT PROVIDE SIGNIFICANT OPTIONALITY

$m	1H24[1]	1H23[1]	Change
Reported EBITDA (pre-AASB 16)	**13.4**	**8.9**	**50.6%**
Other non-cash items	-1.9	0.2	nm
Changes in working capital (excl income tax)	-1.2	0.3	nm
Net interest paid	-0.2	-0.6	-66.7%
Income tax paid	-1.3	0.0	nm
Operating Cash Flow	**8.9**	**8.8**	**1.1%**
Net capital expenditure	-1.8	-7.0	-74.3%
Finance lease payments received	0.2	0.5	-60.0%
Investing Cash Flow	**-1.6**	**-6.6**	**-75.8%**
Borrowings (net)	-5.0	0.0	nm
Dividends paid	-3.6	0.0	nm
Financing Cash Flow	**-8.6**	**0.0**	**nm**
Net Cash Flow	**-1.3**	**2.3**	**nm**

[1] *Reported amounts are statutory amounts adjusted for the impacts of AASB 16.*

Operating Cash Flow continued to strengthen in YoY terms during 1H24 on:

- Increased patient and practitioner volumes;
- A return of centre labour efficiency to pre-pandemic levels;
- Stability in other key expenses, notably consumables; and
- Minor price increases.

Investing Cash Flow declined significantly in 1H24 (-75.8%), with the key driver a reduction in new centre capital expenditure.

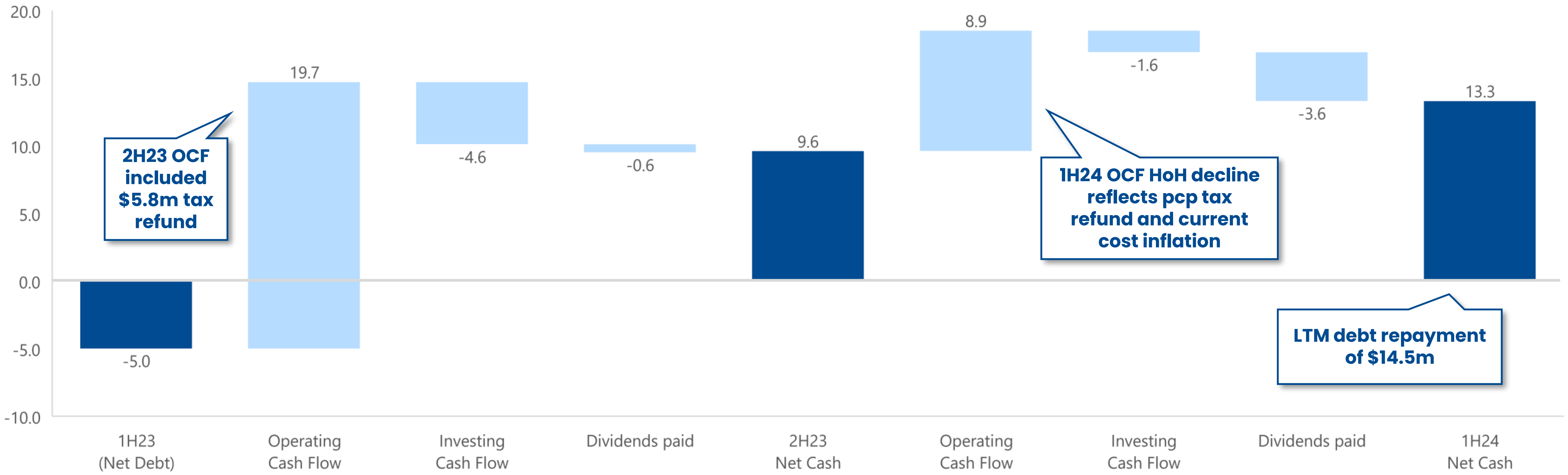
Financing Cash Flow of -$8.6m reflects continued debt reduction, with $5.0m repaid during the half, along with the resumption of dividend payments.

Working capital outflow driven by minor increases in current liabilities and use of cash to repay debt.

HY24 Cash Flow Bridge

STRONG OPERATING PERFORMANCE AND CASH GENERATION DRIVING CONTINUED DEBT REPAYMENT AND DIVIDEND PAYMENTS

Cash Flow[1] Waterfall ($m)



Operating Cash Flow remained strong in 1H24 on continued volume growth and ongoing cost control, noting the inclusion of a $5.8m tax refund for carry-back tax losses in 2H23.

[1] *Cash flow amounts are statutory amounts adjusted for the impacts of AASB 16.*

HY24 Capital Expenditure

CAPEX HAS REDUCED SIGNIFICANTLY AS PREVIOUS RAPID GROWTH WAS MODERATED

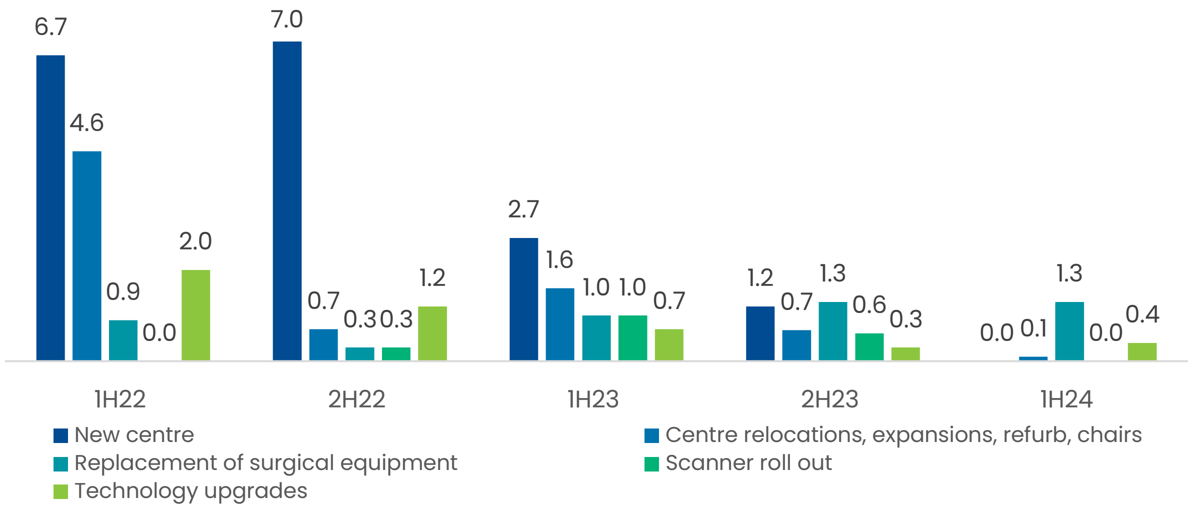
$m	1H24	1H23	Change
New centres	0.0	2.7	-100.0%
Centre relocations, expansions, refurbishments and new chairs	0.1	1.6	-93.8%
Technology upgrades	0.4	0.7	-42.9%
Replacement of surgical equipment	1.3	1.0	30.0%
Dental scanning equipment	0.0	1.0	-100.0%
Total capital expenditure[1]	**1.8**	**7.0**	**-74.3%**

[1]Total capital expenditure excludes disposal cost

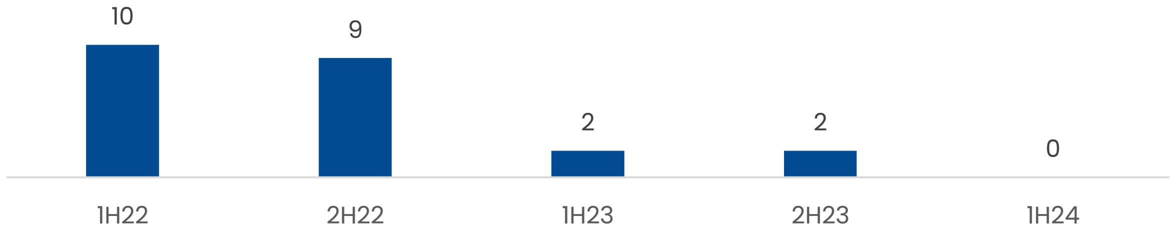
New centre growth was deliberately moderated from FY23 following the strong expansion profile of previous years, with **new centres typically accounting for the largest proportion** of capex.

Technology upgrades have been tapered since FY23, given the substantial completion of our PMS upgrade and single patient record project in the prior year.

Capital expenditure ($m)



New Dental Centres opened

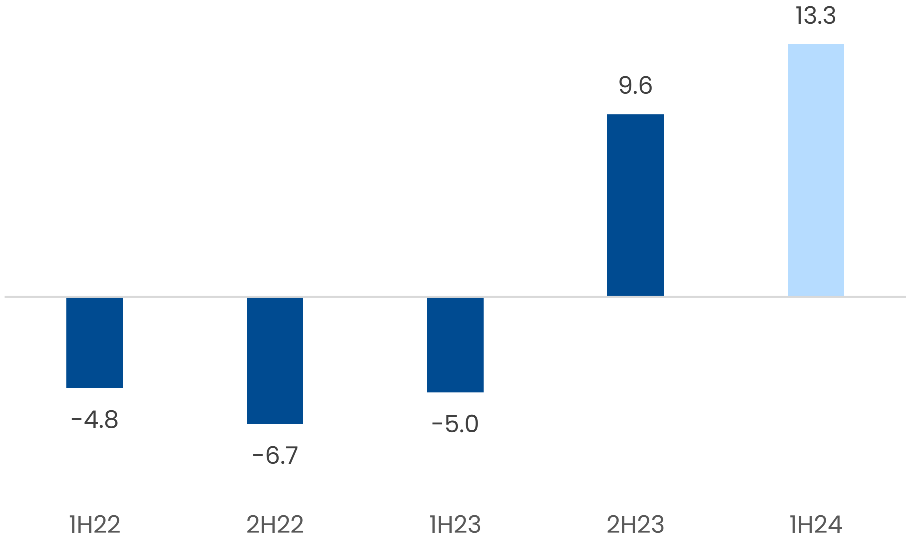


HY24 Balance Sheet

STRONG LIQUIDITY AND MINIMAL DEBT HIGHLIGHT SELF-FUNDING CAPABILITY

$m	31-Dec-23	31-Dec-22	Change
Cash and cash equivalents	17.3	13.5	28.1%
Other current assets	12.1	15.5	-26.7%
Property, plant and equipment	56.1	66.5	-15.6%
Other assets	22.2	23.9	-7.1%
Total Assets	**107.7**	**119.4**	-9.8%
Payables and other liabilities	22.1	17.3	27.6%
Provisions	17.0	8.1	109.9%
Borrowings	4.0	18.5	-78.4%
Total Liabilities	**43.1**	**43.9**	-1.8%
Net Assets	**64.7**	**75.5**	-14.3%

Net cash ($m)



Cash increased $3.8m since 1H23 on continued improvement in Operating Cash Flow and moderation in growth-related capex.

PP&E declined $10.4m on the slower roll-out of new centres, with Depreciation & Amortisation running much higher than maintenance capex.

Provisions increased $8.9m on revised assumptions underpinning the make-good provisions required to be carried against our lease portfolio.

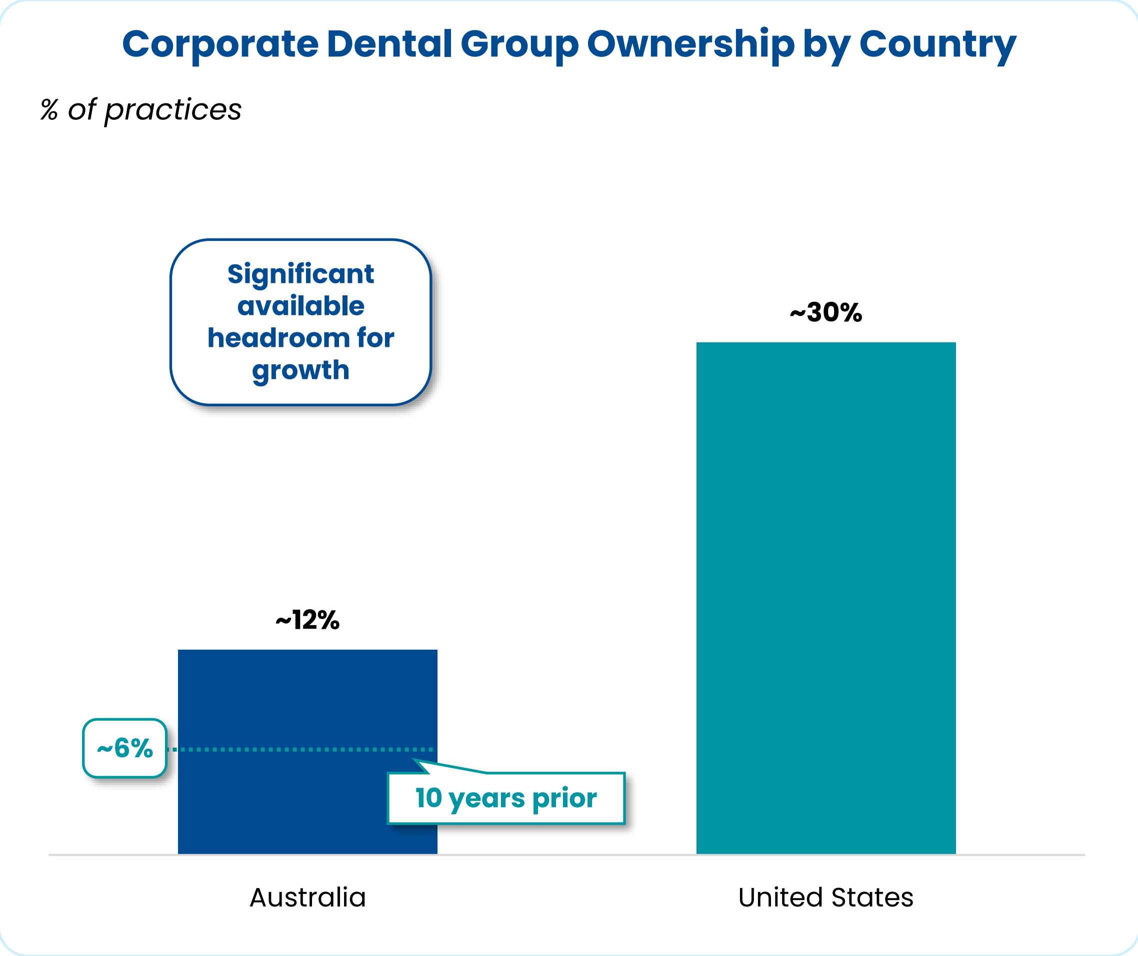
Borrowings declined $14.5m as strong operating performance allowed for the retirement of debt and a resumption of dividends. The $40 million debt facility with CBA has been right-sized to a reduced $20 million facility limit. Cash flows support future self-funding of growth.

3. Sector Tailwinds & Growth Strategy

Market Opportunity

STRUCTURAL TAILWINDS DRIVING LONG-TERM DEMAND IN HIGHLY FRAGMENTED INDUSTRY

- **Rising number of restorative and higher-value services**
- **Ageing and population growth**
- **PHI participation rates**
- **Access to Preferred Provider Agreements (PPAs)**
- **Cosmetic dentistry**
- **Commonwealth-funded Child Dental Benefits Scheme (CDBS)**
- **Opportunity to increase market share**



Growth Opportunity

AN ATTRACTIVE BUSINESS MODEL THAT PROVIDES A STRONG PLATFORM FOR GROWTH

Embedded Capacity

Available capacity to fill within existing network:

- Filling existing spare appointments; and
- Higher utilisation of existing chairs (via more dentist hours).

Cohort Maturation

Further capacity from limited investment via new chairs in available surgeries.

Additional cohort maturation mix from improving offering, efficiency and pricing.

Improving mix of higher value dentistry work could drive further upside.

Network Growth

Self-funded network centre growth remains a key long-term opportunity for Pacific Smiles.

Cash flow generation and a strong business model support continued scale.

Stakeholder Approach

CONTINUOUS INVESTMENT IN KEY STAKEHOLDER RELATIONSHIPS

Dentist Value Proposition

Prosperous partnership

OBJECTIVE

- Increase **dentist attraction and retention**
- Increase referrals within our network
- Improve **clinical outcomes** for patients
- Increasing productivity, increasing **financial rewards for dentists and PSG shareholders**

DELIVERED BY

- **Delivering on our promise** for any dentist choosing us for their career
- Increasing dentist confidence & skill for them to **practice at top of scope**, complemented by **procedure-based marketing**
- Ensuring our model remains **clearly understood** across the healthcare industry

Patient Value Proposition

Convenience and trust

OBJECTIVE

- High patient **NPS**
- Increase **patient attraction and retention**
- Ensure **retention of complex dentistry** within the Pacific Smiles network

DELIVERED BY

- Our trusted network of dental centres ensures patients **receive consistent service**
- **Patients valuing the convenience, flexibility and access on offer**

Employee Value Proposition

Dental as a career

OBJECTIVE

- Higher **employee attraction and retention**
- Improve **employee engagement** and job satisfaction
- Improve **employee productivity** by centralised change and key KPI focus areas
- **Engaged employees improve** dentist and patient experience

DELIVERED BY

- Providing **career pathways to all employees**, giving optimum support to dentists where they need it
- **Communicating** with employees more, and more effectively

4. Outlook

FY24 Outlook and Other Matters

Trading to date, as of 26th February 2024:

- Patient Fees $190.6m
- Patient Fees +9.9% YoY
- Same Centre Patient Fees +9.2% YoY

Full-year guidance provided on 21st December 2023 re-affirmed:

- Patient Fees in the range of $293m to $297m
- Underlying EBITDA in the range of $26m to $28m

Payroll Tax Update

In the ACT, a Reassessment has been received for the financial year 2023, of $270,514. This has been paid. However, an objection has been lodged with the ACT Revenue Office in relation to both the 2019 to 2022 Reassessment ($884,003) and the 2023 Reassessment.

The Company is currently self-assessing payroll tax in line with its position in the objection to the ACT reassessment. In 1H FY24, Pacific Smiles has self-assessed and paid payroll tax on SFAs of $247,370 across all relevant States and Territories.

Update on Proposal from Genesis Capital

On 18 December 2023, Pacific Smiles advised the ASX it received an unsolicited, non-binding proposal from Genesis Capital Manager I Pty Ltd in relation to the proposed acquisition of Pacific Smiles for $1.40 per share via a recommended Scheme of Arrangement (Indicative Proposal).

On 21 December 2023, Pacific Smiles advised that it considered that the Indicative Proposal was opportunistic and materially undervalued Pacific Smiles and therefore rejected the Indicative Proposal Pacific Smiles also announced that in order to determine if Genesis Capital is able to formulate a materially improved proposal, Pacific Smiles intended to offer limited access to certain non-public information on a non-exclusive basis, subject to certain conditions, including the signing of an appropriate confidentiality and standstill agreement.

The Board of Pacific Smiles remains focused on maximising shareholder value and is engaging constructively to determine if a recommended control transaction can be developed. There is no guarantee that any new or revised proposal will be forthcoming, that any proposal would be recommended by the Board of Pacific Smiles or that a transaction will eventuate. The Board will continue to keep shareholders informed in accordance with its continuous disclosure obligations.

5. Q&A

Appendix

Centre Locations

NSW

Ashfield
Balgowlah
Bateau Bay
Ballina
Bankstown*
Bass Hill
Baulkham Hills
Belmont
Belrose
Bondi Junction
Blacktown
Brookvale
Cameron Park**
Campbelltown
Charlestown
nib Chatswood ‡
Chullora**
Corrimal**
Dapto**
Erina
nib Erina
Figtree
Forster
Gladesville
Glendale
nib Glendale
Goulburn**
Greenhills
Greenhills Ortho
Hornsby**
Hurstville
Jesmond
Kotara
Lake Haven
Lane Cove
Maroubra**
Marrickville
Merrylands**
Morisset
Mount Hutton
Narellan
nib Newcastle ‡
nib Nth Parramatta
Nowra
Parramatta
Penrith
Queanbeyan
Raymond Terrace
Richmond**
Rockdale**
Rutherford
Salamander Bay
Shellharbour
Singleton
Sylvania**
nib Sydney
Toronto
Town Hall
Tuggerah
Tweed Heads
Wagga Wagga
Wollongong
nib Wollongong

ACT

Belconnen
Gungahlin
Manuka
Tuggeranong
nib Woden ‡

WA (HBFD)

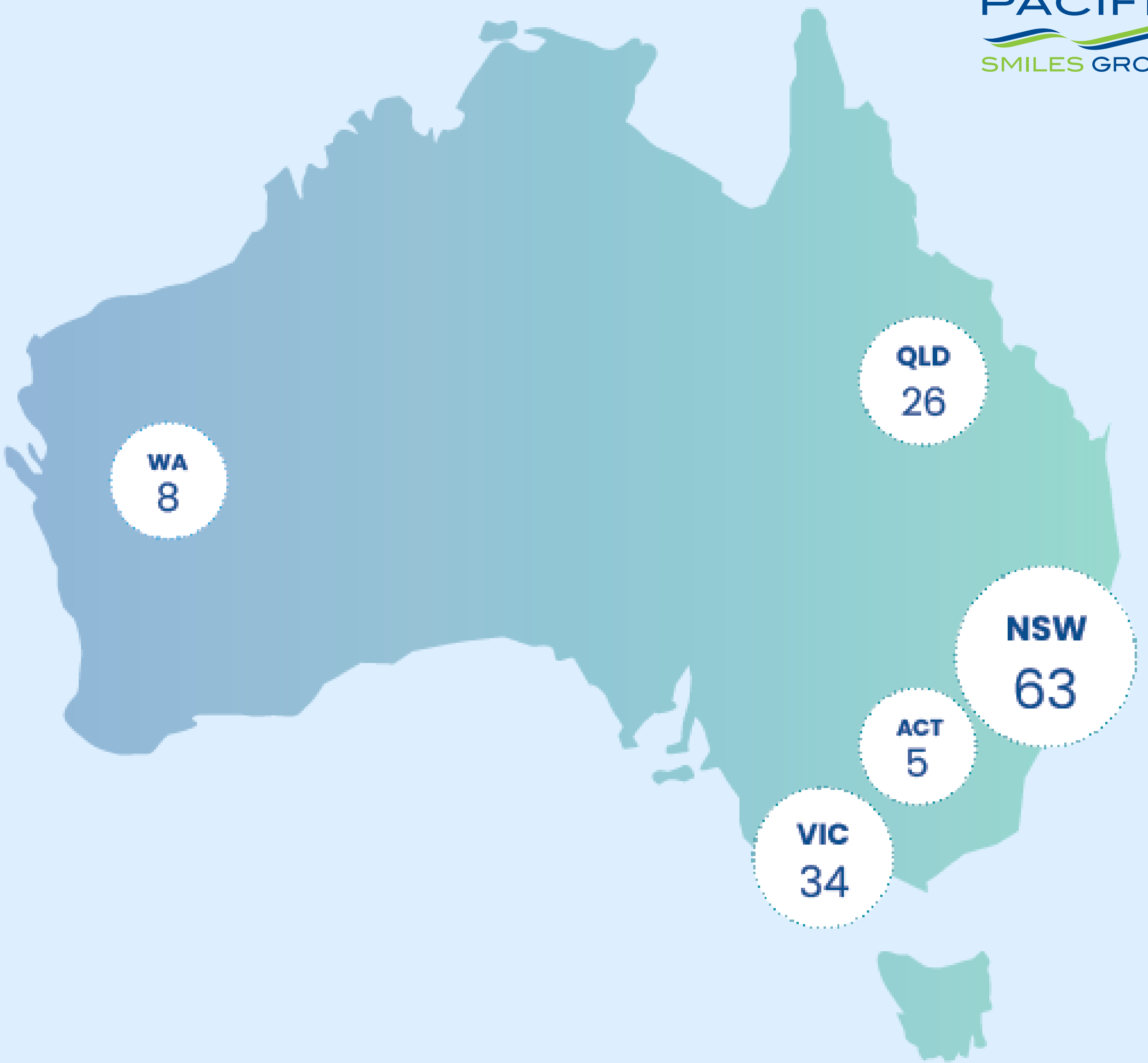
Belmont*
Bull Creek
Cannington
Floreat*
Joondalup
Karrinyup
Mandurah
Morley

VIC

Bairnsdale
Bendigo
Caroline Springs
Chirnside Park
Craigieburn**
Cranbourne Park
Doncaster East**
Drysdale
Endeavour Hills*
Epping
Frankston**
Glen Iris
Glen Waverley
Greensborough
Keysborough
Leopold
Melbourne
nib Melbourne
Melton
Mill Park
Mulgrave
Narre Warren
Oakleigh**
Ocean Grove
Point Cook
Preston
Ringwood
Sale
Taylors Lake
Torquay
Traralgon
Warragul
Waurn Ponds
Werribee

QLD

Aspley
Birtinya
Bribie Island
Brisbane CBD
Browns Plains
Buddina
Burleigh Heads
Capalaba
Chermside*
Cleveland
Coomera**
Deception Bay
Helensvale
Loganholme**
Maroochydore*
Mitchelton
Morayfield
Mt Gravatt
Mt Ommaney
Newstead
North Lakes
Redbank Plains
Robina
Runaway Bay
Strathpine
Victoria Point



Notes:
* FY2023 New Centres
** FY2022 New Centres
‡ PSD Chatswood merged with nib Chatswood; PSD Newcastle merged with nib Newcastle; PSD Woden merged with nib Woden

Why Dentists Choose Pacific Smiles

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

Environmental

- Pilot of paper cups replacing plastic cups underway in Q3.
- Pacific Smiles now using new disinfectant wipes, the solution is 100% bio-degradable and the containers are 100% recyclable.
- Printer cartridge return and recycle program through Close the Loop continues to grow and now has saved 672 printer cartridges (548kg) from Landfill.

Social

- Conducted a mindshop excellence program in October 2023 focusing on Cyber Security.
- Continued use of AI technology producing excellent recruitment outcomes by reducing bias from candidate screenings in our recruitment process.

Governance

- Ongoing review of our policies and procedures continue to guide our people on how to make the right decisions and demonstrate ethical behaviours.
- Board of Directors male/female ratio has equalised with appointment of new Directors in 2023.

Cohort Performance Data

Cohort	# Centres	# Surgeries	# Chairs	Average patient fees per centre ($m) FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	1H23	1H24
FY21-23	34	171	102								0.3	0.4	0.8	0.4	0.5
FY20	5	23	11							0.3	0.9	1.1	1.2	0.5	0.7
FY18-19	19	75	69					0.3	0.6	1.0	1.4	1.4	1.7	0.8	0.9
FY15-17	28	112	104		0.3	0.5	0.7	1.0	1.3	1.3	1.8	1.7	1.9	1.0	1.0
FY11-14	14	78	73	1.1	1.7	2.0	2.3	2.3	2.5	2.4	3.1	2.8	3.1	1.6	1.8
FY10 & earlier	28	191	183	3.2	3.5	3.6	3.5	3.5	3.7	3.4	3.9	3.3	3.7	1.8	2.0
Total	**128**	**650**	**542**												

Cohort	# Centres	# Surgeries	# Chairs	Average EBITDA margin per centre ($m) FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	1H23	1H24
FY21-23	34	171	102								-39.7%	-31.2%	-8.9%	-14.0%	-2.8%
FY20	5	23	11							-29.7%	-2.5%	-0.8%	6.7%	0.8%	10.1%
FY18-19	19	75	69					-25.9%	-7.0%	2.7%	9.0%	6.3%	13.5%	11.3%	13.6%
FY15-17	28	112	104		-23.3%	-11.2%	-2.2%	5.1%	11.3%	11.5%	15.8%	11.6%	15.5%	13.6%	14.5%
FY11-14	14	78	73	14.8%	20.1%	23.2%	23.5%	22.5%	21.7%	20.9%	22.9%	20.6%	23.1%	22.5%	23.0%
FY10 & earlier	28	191	183	25.5%	23.8%	24.0%	24.5%	24.1%	21.7%	20.7%	22.5%	20.2%	20.5%	19.3%	20.7%
Total	**128**	**650**	**542**	**23.8%**	**22.1%**	**21.4%**	**20.8%**	**19.4%**	**17.9%**	**16.7%**	**18.2%**	**13.2%**	**15.8%**	**14.2%**	**16.1%**
New Centres Opened				**6**	**8**	**9**	**12**	**10**	**11**	**5**	**14**	**19**	**4**	**2**	**0**
Total All Centres[1] Patient Fees ($m)				**95.9**	**121.4**	**133.8**	**147.0**	**164.5**	**187.4**	**186.3**	**240.8**	**226.4**	**270.5**	**133.3**	**147.1**
Total All Centres EBITDA ($m)				**22.6**	**25.0**	**27.1**	**29.2**	**30.4**	**33.3**	**30.9**	**43.6**	**29.8**	**42.7**	**18.9**	**23.7**
Total All Centres EBITDA margin (%)				**23.8%**	**22.1%**	**21.4%**	**20.8%**	**19.4%**	**17.9%**	**16.7%**	**18.2%**	**13.2%**	**15.8%**	**14.2%**	**16.1%**

[1] *'All Centres' excludes Lismore, Haymarket, Everything Dentures, and JobKeeper for comparability*

Reconciliation – Underlying to Statutory

Income Statement

$m	1H24 Underlying (ex AASB 16)	1H24 Adj	1H24 Statutory	1H23 Underlying (ex AASB 16)	1H23 Adj	1H23 Statutory
Revenue	90.0	-	90.0	81.6	-	81.6
Direct expenses	(4.7)	1.0	(5.7)	(3.7)	-	(3.7)
Gross profit	**85.3**	**1.0**	**84.3**	**77.9**	**-**	**77.9**
Other income	0.7	0.1	0.6	0.7	(0.3)	1.0
Expenses						
Employee	42.0	(1.4)	40.6	40.9	0.4	41.3
Consumable supplies	6.9	-	6.9	6.7	-	6.7
Occupancy	11.0	(8.7)	2.3	10.4	(8.3)	2.1
Marketing	2.5	-	2.5	2.1	-	2.1
Admin & other	9.6	-	9.6	9.4	0.5	9.9
EBITDA	13.9	(9.0)	22.9	9.1	(7.7)	16.9
Depreciation & amortisation	(8.1)	7.2	(15.3)	(7.9)	6.6	(14.4)
EBIT	5.7	(1.9)	7.6	1.3	(1.2)	2.4
Net finance costs	(0.2)	1.8	(2.0)	(0.5)	1.6	(2.1)
PBT	5.6	(0.0)	5.6	0.7	0.4	0.3
Income tax expense	(1.2)	-	(1.2)	(0.2)	(0.1)	(0.1)
NPAT	4.4	(0.0)	4.4	0.5	0.3	0.2

1H24 Income Statement adjustments remove the impact of:

- Once-off severance
- Executive LTI plan
- Adjustments to workers compensation premiums for prior years; and
- Impact of prior year Payroll tax assessments on Service and Facilities Agreements with independent dentists and associated legal costs.

1H23 Income Statement adjustments remove the impact of:

- Once-off severance
- Executive LTI plan
- Insurance recoveries associated with the closure of the flood-impacted Lismore centre;
- Legal & consulting costs related to the Dec 2022 EGM;
- Adjustments to workers compensation premiums for prior years; and
- Payroll tax on Service and Facilities Agreements with independent dentists.

Reconciliation – Underlying to Statutory

Balance Sheet & Cash Flow Statement

$m	1H24 Reported[1]	1H24 Adj. AASB 16	1H24 Statutory	1H23 Reported[1,2]	1H23 Adj. AASB 16	1H23 Statutory[2]
Cash	17.3	-	17.3	13.5	-	13.5
Receivables	3.1	0.2	3.3	2.5	0.2	2.7
Current tax receivables	-	-	-	5.8	-	5.8
Inventories	6.2	-	6.2	6.1	-	6.1
Other	2.8	-	2.8	2.1	-	2.1
Total Current Assets	29.4	0.2	29.6	30.0	0.2	30.2
Receivables	-	0.4	0.4	-	0.4	0.4
Property, plant and equipment	56.1	67.9	124.0	66.5	74.2	140.7
Intangible assets	13.9	-	13.9	14.9	-	14.9
Deferred tax assets	8.3	3.9	12.1	9.0	-	9.0
Total Non-Current Assets	78.3	72.1	150.5	90.5	74.6	165.1
Total Assets	107.7	72.3	180.1	120.5	74.8	195.2
Payables	18.7	-	18.7	18.3	-	18.3
Lease liabilities	-	14.4	14.4	-	13.4	13.4
Current tax liabilities	3.4	-	3.4	-	-	-
Borrowings	0.0	-	0.0	-	-	-
Provisions	4.8	-	4.8	5.0	-	5.0
Total Current Liabilities	26.8	14.4	41.2	23.3	13.4	36.7
Payables	-	-	-	-	-	-
Lease liabilities	-	67.0	67.0	-	72.7	72.7
Borrowings	4.0	-	4.0	18.5	-	18.5
Provisions	12.3	(4.5)	7.7	3.1	5.3	8.4
Total Non-Current Liabilities	16.3	62.4	78.7	21.6	78.0	99.6
Total Liabilities	43.1	76.8	119.9	44.9	91.4	136.3
Net Assets	64.7	(4.4)	60.2	75.5	(16.6)	58.9
Contributed Equity	52.1	-	52.1	51.9	-	51.9
Reserves	10.0	-	10.0	15.5	-	15.5
Retained profits	2.5	(4.4)	(1.9)	8.1	(16.6)	(8.5)
Total Equity	64.7	(4.4)	60.2	75.5	(16.6)	58.9

$m	1H24 Reported[1]	1H24 AASB 16	1H24 Statutory	1H23 Reported[1]	1H23 AASB 16	1H23 Statutory
Reported EBITDA	13.4	(9.4)	22.9	8.9	(8.0)	16.9
Other non-cash items	(1.9)	-	(1.9)	0.2	-	0.2
Changes in working capital (ex income tax)	(1.2)	0.7	(1.9)	0.3	(0.2)	0.5
Net interest paid	(0.2)	1.6	(1.8)	(0.6)	1.6	(2.2)
Net income taxes	(1.3)	-	(1.3)	0.0	-	0.0
Operating Cash Flow	**8.9**	**(7.1)**	**16.0**	**8.8**	**(6.6)**	**15.4**
Net capital expenditure	(1.8)	-	(1.8)	(7.0)	-	(7.0)
Finance lease payments	0.2	-	0.2	0.5	-	0.5
Investing Cash Flow	**(1.6)**	**-**	**(1.6)**	**(6.5)**	**-**	**(6.6)**
Borrowings (net)	(5.0)	-	(5.0)	-	-	-
Payments of lease liabilities	-	7.1	(7.1)	-	6.6	(6.6)
Dividends paid	(3.6)	-	(3.6)	-	-	-
Financing Cash Flow	**(8.6)**	**7.1**	**(15.7)**	**-**	**6.6**	**(6.6)**
Net Cash Flow	**(1.3)**	**-**	**(1.3)**	**2.3**	**-**	**2.3**

[1] *Reported amounts are statutory amounts adjusted for the impacts of AASB 16.*

Glossary

Active Dentist	SFA dentists invoiced by Pacific Smiles in the last month of the period, and locum dentists invoiced during the final six months of the period
Annualised Turnover	Number of terminations (employees or dentists) during the past 12 months divided by the average number of employees or dentists
Centre Cohorts	Cohorts represent Pacific Smiles centres grouped by the financial year(s) in which they opened
Corporate costs	Includes costs relating to head-office and revenue associated with HBF Dental master service agreement
EBITDA (Statutory)	Earnings Before Interest, Tax, Depreciation, and Amortisation
EBITDA (Reported)	Statutory EBITDA excluding the impact of AASB 16 (lease accounting standard)
EBITDA (Underlying)	Statutory EBITDA excluding: the impact of AASB 16 (lease accounting standard); expenses not related to ongoing employee expenses; and expenses related to non-recurring or extraordinary events
EBITDA margin	Unless otherwise stated, refers to Underlying EBITDA divided by Patient Fees for the period
Free Cash Flow	Operating Cash Flow less Investing Cash Flow
HBF partnership	Pacific Smiles operates eight dental centres in Western Australia on behalf of HBF, for a fee
nib partnership	Pacific Smiles owns and operates 11 nib Dental Care centres, and all Pacific Smiles centres are part of the nib First Choice network
Patient Fees vs Revenue	Total fees paid by patients (customers of dentists utilising the Pacific Smiles network) vs Pacific Smiles share
Staff to Practitioner Ratio	The ratio of total staff hours worked in dental centres to dentist hours worked
Utilisation	A measure of activity relative to the total effective productive capacity of each dentist chair