

Dear Shareholder

Half Year Results to 30 November 2019

We recently announced Abano's results for the first half of the 2020 financial year, reporting gross revenue of \$175.8m, EBITDA of \$23.9m and net profit after tax of \$0.1m, with an Underlying profit of \$5.5m¹.

The results reflect our move to focus on organic growth, with a particular emphasis on improving clinician and practice utilisation across the two dental networks. Same store growth for Lumino in New Zealand was offset by a continued soft performance from Maven Dental Group which has been affected by a number of factors, including the replacement of retiring dentists, some underperforming practices and the more challenging trading conditions in Australia. We are working hard to drive improvements in performance across the network, particularly in Australia.

Recruitment has been a priority as we look to fill existing capacity, as well as replace retiring dentists. We have been pleased to welcome a number of new and junior clinicians to the group.

The six-month result included a number of non-cash and one-off items, as well as accounting adjustments due to the adoption of the new NZ IFRS 16 accounting standard in relation to the treatment of leases. You can read more about these overleaf and in our HY20 results announcement on the Abano website.

Scheme of Arrangement Process

In November 2019, we announced that Adams NZ Bidco Limited (Bidco) was proposing to buy 100% of Abano's shares at \$5.70 per share via a Scheme of Arrangement. Bidco is a partnership between BGH Capital, an Australian private equity firm, and Ontario Teachers' Pension Plan, a large investment fund. They are both experienced and committed investors. There are a number of steps we must follow and we have provided a summary overleaf so that you can see what to expect and when.

The Scheme announcement was the result of a comprehensive Expression of Interest (EOI) process, which identified and attracted interest from over 30 parties, a number of which undertook due diligence on the business. We appointed advisors and commissioned independent valuation advice to assist us in evaluating the options, including a whole-of-company sale, the sale of the individual businesses and continuing to own and operate some or all of the businesses. It was important to the Board that a competitive process was run to enable us to have confidence the recommendation represents the best option for shareholders. The Board also considered the risks of continuing to own and operate the business and believes the prospect of shareholders achieving a higher value is uncertain.

For the Scheme to be approved, more than 50% of all Abano's shares must be voted in favour, and 75% of the votes cast at the Special Meeting must be in favour. Therefore, your vote is very important.

Your Board unanimously recommends you vote in favour of the sale of Abano to Bidco via the Scheme and strongly encourages you to vote by proxy or in person at the Special Meeting which will be held in March 2020.²

Thank you for your support. As always, we welcome your feedback.

Yours sincerely



Pip Dunphy
Chair

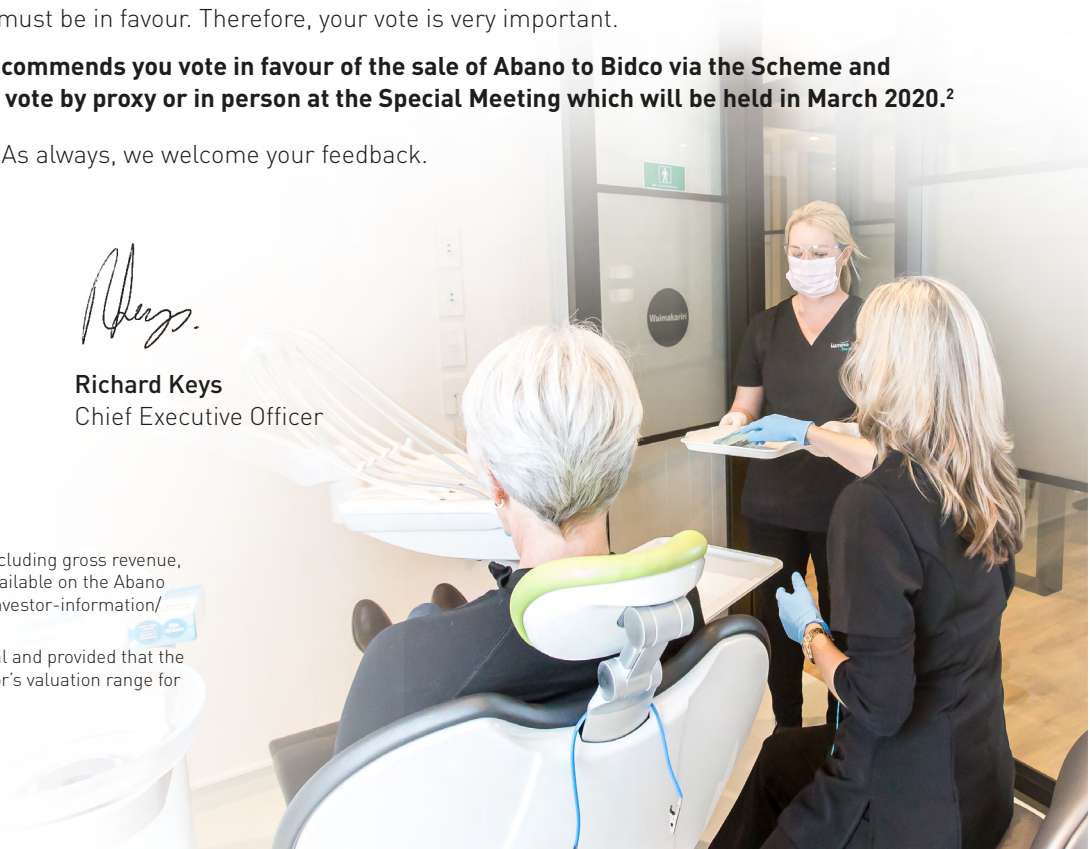
3 February 2020



Richard Keys
Chief Executive Officer

¹ An explanation of financial terms, including gross revenue, EBITDA and underlying earnings is available on the Abano website at <https://www.abano.co.nz/investor-information/non-gaap-financial-information>

² In the absence of a superior proposal and provided that the price is within the Independent Advisor's valuation range for Abano shares.



RESULTS SNAPSHOT FOR THE SIX MONTHS TO 30 NOVEMBER 2019

- For the six months ended 30 November 2019, Abano reported gross revenue of \$175.8m, EBITDA of \$23.9m and NPAT of \$0.1m, with an Underlying NPAT of \$5.5m.
- The result reflects adoption of NZ IFRS 16 for leases and includes \$4.4m of non-cash goodwill impairments and asset write downs in Maven Dental.
- Also included in the result was \$1.7m of costs to date related to the comprehensive EOI process (please see earlier description of our process) and progressing the Scheme of Arrangement.
- Recruitment has seen new and junior clinicians joining the group, boosting same practice clinical days worked, however, impacting revenue per clinical day and increasing labour costs as expected.
- Initially, new clinicians have a lower revenue per clinical day, which increases as they become more experienced, build their patient books and participate in the training opportunities offered by Abano.
- While corporate and overhead costs were reduced, higher labour costs impacted on margins, which were slightly down on the prior comparative period (excluding NZ IFRS 16 adjustments).
- Lumino The Dentists same practice revenue growth was 0.4%. Maven Dental Group continues to be impacted by more challenging trading conditions and some underperforming practices, with same practice revenue down 2.1%.

To read the full Half Year Results announcement, please visit the Abano website www.abano.co.nz.

SCHEME OF ARRANGEMENT

Bidco is proposing to buy 100% of Abano's shares at \$5.70 per share through a Scheme of Arrangement.

This is a Court supervised process and is progressing as expected. The first step in this process is for Abano to seek initial Court orders, after which the Board will call a Special Meeting of shareholders to vote on the Scheme. Abano will send shareholders a Scheme Booklet containing information about the Scheme, including details of the Special Meeting and how to vote, and a copy of the Independent Advisor's Report. Subject to shareholder approval, and satisfaction of other conditions, the Scheme is currently expected to be implemented by the end of April 2020, when the payment of \$5.70 for each of your Abano shares will be made.

Your Board is recommending the Scheme proposed by Bidco, as it remains the highest value alternative and mitigates the uncertainty that would otherwise be involved in delivering the opportunities from executing Abano's strategic plan over time.

Your vote is very important. The easiest way to have your say is by appointing a proxy to vote on your behalf at the Special Meeting. Details on how to do this will be included in the Scheme Booklet. Alternatively you can attend the meeting in person.

You can read the original Scheme announcement from 11 November 2019 on the Abano website www.abano.co.nz.

KEY DATES*

Mid-late February 2020

Scheme Booklet and details of Special Meeting to be sent to shareholders.

Mid-late March 2020

Special Meeting of Shareholders. Proxy Voting closes two days prior to the Meeting.

Late April 2020

Scheme implemented (subject to shareholder approval and satisfaction of other conditions).

Payment to shareholders shortly thereafter.

*All dates are subject to change.