

## RECENT REGULATORY RECOMMENDATIONS AND IMPACT ON ABANO AND SCHEME

### **Suspension of non-essential dental services**

- Abano will follow the recommendations announced over the weekend by the New Zealand Dental Council and the Ministry of Health.
- Non-essential services will be temporarily suspended at Abano's New Zealand practices while it assesses the recommendations. The company is seeking further guidance on the provision of emergency dental treatment.
- The company is closely monitoring the situation and recommendations in Australia and will assess the relevance of these to its Australian network as they are announced.
- The company is assessing the resulting operational, financial and banking facility impacts, and additional funding requirements on its operations.

### **Impact on Scheme of Arrangement**

- While too early to be definitive, it is possible that the developments may give rise to a "material adverse change" (MAC) under the Scheme Implementation Agreement. Abano has informed Bidco that it is assessing whether a MAC may occur and Bidco has indicated that it is willing to engage with Abano to consider an alternative potential transaction if a MAC does occur.

Abano Healthcare Group Limited (NZX: ABA) advises that, in New Zealand over the weekend, the New Zealand Dental Council and the Ministry of Health issued a joint statement stating that "in the national interest the Dental Council New Zealand and the Ministry of Health together strongly recommend that all non-essential and elective dental services, particularly those generating aerosol, should be suspended immediately to reduce the risk of community spread, including to yourself, your staff and your patients. All emergency treatment and relief of pain should continue with appropriate precautions taken."

A number of immediate actions have been put in place in response to this recommendation to ensure the health and safety of Abano's people and patients, and to mitigate the adverse impact of the escalating COVID-19 situation.

- Abano is temporarily suspending non-essential dental services across its New Zealand network from 23 March 2020 while it assesses the recommendation.
- Abano is seeking further guidance on what emergency dental treatment can continue to be provided.
- The company continues to review its cost base and all non-essential capital and operating spend has been deferred.

In addition, Abano is closely monitoring the situation and recommendations in Australia and will assess the relevance of these to its Australian dental network as they are announced.

Abano CEO, Richard Keys, commented: "This is an unprecedented situation which is evolving rapidly. The decision to temporarily suspend services has not been made lightly and we are cognisant of the impact this will have on our people and our patients. Our foremost priority is the health and safety of our people and our patients. Our actions follow the recommendations of the Ministry of Health and the dental industry

body in New Zealand. As healthcare professionals, we have a responsibility to contribute to the nationwide efforts to combat COVID-19.”

### **Scheme of Arrangement**

While too early to be definitive, Abano considers that it is possible that these developments may give rise to a “material adverse change” (MAC) under the Scheme Implementation Agreement (SIA) entered into between Abano and Adams NZ Bidco Limited (Bidco). Abano has informed Bidco that it is assessing whether a MAC may occur and Bidco has indicated that it is willing to engage with Abano to consider an alternative potential transaction if a MAC does occur.

Under the SIA, if a possible MAC occurs, Abano is required to notify Bidco and, following that notification, there is a prescribed process which requires a period of consultation between Abano and Bidco. If the consultation process does not result in an agreement on how to address the possible MAC, Bidco has the right to terminate the SIA.

As a result, it is not possible to provide any assurance as to whether the Scheme will proceed and, if so, on what basis. The Board will update shareholders when it has further clarity. Prior to any update, any shareholders who are considering dealing with their Abano shares may wish to consider seeking professional advice.

### **ENDS**

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Abano Healthcare Group is listed on the NZX and owns and operates one of the largest dental networks in Australasia, comprising Lumino The Dentists in New Zealand and Maven Dental Group in Australia.