

ASX ANNOUNCEMENT

26 June 2024

Scheme Booklet registered with ASIC

Pacific Smiles Group Limited (ASX:PSQ) (**Pacific Smiles**) refers to its announcement on 25 June 2024 in relation to:

- the proposed scheme of arrangement under which it is proposed that NDC BidCo Pty Ltd, a wholly owned subsidiary of NDC HoldCo Pty Ltd (which operates the National Dental Care centres), will acquire 100% of the shares in Pacific Smiles (**Scheme**); and
- the orders made by the Supreme Court of New South Wales that Pacific Smiles convene a meeting of Pacific Smiles shareholders (**Scheme Meeting**) to consider and vote on a resolution to approve the Scheme (**Scheme Resolution**) and approving the distribution of an explanatory statement providing information about the Scheme and the Notice of Scheme Meeting (**Scheme Booklet**) to Pacific Smiles shareholders.

Scheme Booklet

The Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached to this announcement and will also be made available for viewing and downloading at <https://investors.pacificsmilesgroup.com.au/Investors/>.

For details of how the Scheme Booklet and proxy forms for the Scheme Meeting will be dispatched to Pacific Smiles shareholders, please refer to Pacific Smiles' announcement on 25 June 2024.

Pacific Smiles shareholders should carefully read the Scheme Booklet in its entirety, including the materials accompanying it, before making a decision on whether or not to vote in favour of the Scheme Resolution.

If, after reading the Scheme Booklet, you have any questions about the Scheme or the Scheme Booklet, please contact the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) between 8:30am and 5:30pm (AEST), Monday to Friday (excluding public holidays).

Independent Expert's Report and Directors' recommendation

Deloitte Corporate Finance Pty Limited (**Independent Expert**) has concluded the Scheme is fair and reasonable and therefore in the best interests of Pacific Smiles shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the full underlying value of Pacific Smiles at between \$1.80 and \$2.17 per Pacific Smiles share which takes into account market participant benefits, including listed company costs savings and cost synergies which Pacific Smiles shareholders will not benefit from if the Scheme is unsuccessful.

The total cash value under the Scheme of \$1.90 per Pacific Smiles share (which does not include any Ticking Fee which might accrue) proposed to be paid to Pacific Smiles shareholders at the Scheme Record Date (currently anticipated to be 7:00pm (AEST) on 12 August 2024) is within this range.

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report, which is attached to the Scheme Booklet.

The Pacific Smiles Directors unanimously recommend that Pacific Smiles shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal (as defined in the Scheme Booklet) emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles shareholders.

Scheme Meeting

The Scheme Meeting is scheduled to be held at 11:30am (AEST) on 1 August 2024 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ.

All registered Pacific Smiles shareholders as at 7:00pm (AEST) on 30 July 2024 will be entitled to vote at the Scheme Meeting.

All Pacific Smiles shareholders are strongly encouraged to vote either by completing and returning the proxy form or alternatively by attending the Scheme Meeting in person, attending online or by proxy, attorney or corporate representative. The Scheme Booklet provides information on how to lodge your proxy form (if applicable).

This announcement was authorised by the Pacific Smiles Board.

ENDS

For further information, please contact:

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Scheme Booklet

in relation to the proposed acquisition of Pacific Smiles Group Limited (ACN 103 087 449) (**Pacific Smiles**) by NDC BidCo Pty Ltd (ACN 676 877 802) (**NDC Bidco**), a wholly owned subsidiary of NDC HoldCo Pty Ltd (ACN 654 148 188).

VOTE IN FAVOUR

THE PACIFIC SMILES DIRECTORS UNANIMOUSLY RECOMMEND THAT PACIFIC SMILES SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME RESOLUTION, SUBJECT ONLY TO NO SUPERIOR PROPOSAL EMERGING AND THE INDEPENDENT EXPERT NOT WITHDRAWING OR ADVERSELY CHANGING ITS CONCLUSION THAT THE SCHEME IS IN THE BEST INTERESTS OF PACIFIC SMILES SHAREHOLDERS

This is an important document and requires your immediate attention.

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme Resolution.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, tax or legal adviser immediately.

Legal Adviser



Financial Adviser



If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) any time between 8:30am and 5:30pm (AEST) on Monday to Friday (excluding public holidays).

Important Notices

Nature of this document

This Scheme Booklet is important and requires your immediate attention. You should read it carefully and in its entirety before deciding how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

This Scheme Booklet explains the terms of the proposed acquisition of all Pacific Smiles Shares by NDC Bidco, by way of a company scheme of arrangement between Pacific Smiles and Pacific Smiles Shareholders under Part 5.1 of the Corporations Act. A copy of the Scheme is set out in Attachment C to this Scheme Booklet.

This Scheme Booklet also details how the Scheme will be considered and implemented if all the Conditions to the Scheme are satisfied or, if permitted, waived. It is not a disclosure document required by Chapter 6D or Part 7.9 of the Corporations Act.

If you have sold all your Pacific Smiles Shares, please disregard this Scheme Booklet.

Investment decisions

The information in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any Pacific Smiles Shareholder or any other person. This Scheme Booklet should not be relied on as the sole basis for any investment decision. Independent legal, financial and tax advice should be sought before making any investment decision in relation to your Pacific Smiles Shares.

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to give Pacific Smiles Shareholders the information required to make an informed decision about whether to vote in favour of the Scheme Resolution. This Scheme Booklet also provides information as is prescribed by law or is otherwise material to the decisions of Pacific Smiles Shareholders as to whether to vote in favour of the Scheme Resolution, being information that is within the knowledge of the Pacific Smiles Directors and has not previously been disclosed to Pacific Smiles Shareholders.

Voting will take place at the Scheme Meeting to be held at 11:30am (AEST) on 1 August 2024 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000, and online at https://us02web.zoom.us/join/zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ. You should read this Scheme Booklet in full before deciding how to vote on the Scheme Resolution.

The Scheme has potential advantages, disadvantages and risks which may affect Pacific Smiles Shareholders in different ways depending on their individual circumstances. You should seek professional advice on your circumstances, as appropriate.

Preparation of and responsibility for this Scheme Booklet

Pacific Smiles has been solely responsible for preparing the Pacific Smiles Information. The information concerning Pacific Smiles and the intentions, views and opinions of Pacific Smiles and the Pacific Smiles Directors contained in this Scheme Booklet has been prepared by Pacific Smiles and is the responsibility of Pacific Smiles. NDC Bidco, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any Pacific Smiles Information and do not assume any responsibility or liability for its accuracy or completeness.

NDC Bidco has been solely responsible for preparing the NDC Information. The information concerning NDC Bidco and the intentions, views and opinions of NDC Bidco contained in this Scheme Booklet, has been prepared by NDC Bidco and is the responsibility of NDC Bidco. Pacific Smiles, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any NDC Information and do not assume any responsibility or liability for its accuracy or completeness.

The Independent Expert has prepared the Independent Expert's Report and takes responsibility for that report. Pacific Smiles, NDC Bidco, their respective Related Bodies Corporate and their respective directors, officers, employees and advisers do not assume any responsibility or liability for the Independent Expert's Report, except in the case of Pacific Smiles in relation to the information which it has provided to the Independent Expert. The Independent Expert's Report is set out in Attachment B to this Scheme Booklet.

Regulatory information and role of ASIC and ASX

This document is the explanatory statement for the proposed scheme of arrangement between Pacific Smiles and Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the Scheme is included at Attachment C to this Scheme Booklet.

This Scheme Booklet will assist you in making an informed decision about how to vote and contains important information, including the reasons to vote in favour of, or against, the Scheme (refer to Section 1) and certain risks related to the Scheme (refer to Section 7).

A copy of this Scheme Booklet (including the Independent Expert's Report) has been lodged with, and registered by, ASIC as required by section 412(6) of the Corporations Act on 26 June 2024. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act.

ASIC has also been requested to provide a statement in accordance with section 411(7)(b) of the Corporations Act that ASIC has no objection to the Scheme. If ASIC provides that statement, then the statement will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Important Notice associated with Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and directed that this Scheme Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Pacific Smiles Shareholders should vote in respect of the Scheme Resolution (which Pacific Smiles Shareholders must reach their own decisions on); or
- (b) has prepared, or is responsible for the content of, this Scheme Booklet; or
- (c) has approved or will approve the terms of the Scheme.

Scheme Meeting Notice

The Notice of Scheme Meeting is set out at Attachment A to this Scheme Booklet. The proxy form for the Scheme Meeting also accompanies this Scheme Booklet.

The purpose of the Scheme Meeting is to consider and, if thought fit, agree to the Scheme (with or without any modifications, alterations or conditions required by the Court to which Pacific Smiles and NDC Bidco agree or any modifications, alterations or conditions agreed in writing by Pacific Smiles and NDC Bidco and approved by the Court) to be made between Pacific Smiles and Pacific Smiles Shareholders and to consider and, if thought fit, pass the Scheme Resolution by the Requisite Majorities.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(l) of the Corporations Act) which, together with the Notice of the Scheme Meeting and other Attachments, forms part of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme, following the vote on the Scheme Resolution at the Scheme Meeting. The date of the Second Court Hearing to approve the Scheme is expected to be 2 August 2024. The hearing will be at 3:00pm (AEST) in the Supreme Court of New South Wales, which is located at 184 Phillip Street, Sydney NSW 2000.

Any Pacific Smiles Shareholder may appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme. If you wish to appear in this manner, you must file with the Court and serve on Pacific Smiles a notice of appearance, in the prescribed form, together with any affidavit you wish to rely on. The notice of appearance and affidavit must be served on Pacific Smiles at its address for service at least one day before the Second Court Date.

The address for service for Pacific Smiles is:

Address: Level 1, 6 Molly Morgan Drive,
Green Hills NSW 2323,
Australia

Attention: Company Secretary

Email: belinda.cleminson@
automicgroup.com.au

Note to Pacific Smiles Shareholders in foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Pacific Smiles disclaims all liabilities to such persons.

Pacific Smiles Shareholders who are resident outside of Australia, or who are nominees, trustees or custodians for beneficial holders resident outside Australia, are encouraged to seek independent advice as to how they should proceed (including specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme).

This Scheme Booklet has been prepared in accordance with the laws of Australia. This Scheme Booklet and the Scheme are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this Scheme Booklet is based on financial statements that have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which may differ from generally accepted accounting principles in other jurisdictions. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

Pacific Smiles Shareholders resident outside of Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements.

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views of Pacific Smiles in relation to the Pacific Smiles Information or of NDC Bidco in relation to the NDC Information, in each case held only as at the Last Practicable Date concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimated", "potential", or other similar words and phrases. Similarly, statements that describe Pacific Smiles or NDC Bidco's objectives, plans, goals, intentions or expectations are or may be forward-looking statements. The statements in this Scheme Booklet about the impact that the Scheme may have on the results of Pacific Smiles' operations, and the potential advantages and disadvantages in relation to the Scheme, are also forward-looking statements.

Any forward-looking statements included in this Scheme Booklet have been made by the relevant party on reasonable grounds and reflect the present intentions of the relevant party as at the Last Practicable Date, and may be subject to change. Although Pacific Smiles and NDC Bidco believe that their respective views reflected in any forward-looking statements in this Scheme Booklet have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause Pacific Smiles' or NDC Bidco's (as relevant) actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected. Pacific Smiles Shareholders should note that the historical financial performance of Pacific Smiles is no assurance of the future financial performance of Pacific Smiles (whether or not the Scheme is implemented). Pacific Smiles Shareholders should carefully review all of the information included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the Last Practicable Date. None of Pacific Smiles, NDC Bidco or any of their respective directors, officers, employees and advisers give any representation, warranty, assurance or guarantee to Pacific Smiles Shareholders that any forward-looking statements will actually occur or be achieved. Pacific Smiles Shareholders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the ASX Listing Rules, Pacific Smiles and NDC Bidco do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Presentation of financial information

Section 5.8 contains financial information relating to Pacific Smiles for the financial years ended 30 June 2022 and 30 June 2023 and the financial half-years ended 31 December 2022 and 31 December 2023.

The financial information in Section 5.8 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The information has been extracted from the audited financial reports of Pacific Smiles for the financial years ended 30 June 2022 and 30 June 2023 and the reviewed interim report for the financial half-years ended 31 December 2022 and 31 December 2023.

Important Notices

Privacy and personal information

Pacific Smiles and NDC Bidco may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of Pacific Smiles Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the purposes of the Scheme Meeting. Personal information is held on the public register in accordance with Chapter 2C of the Corporations Act. The primary purpose of the collection of personal information is to assist Pacific Smiles to conduct the Scheme Meeting and implement the Scheme. The information may be disclosed to Pacific Smiles, NDC Bidco and each of their respective Related Bodies Corporate and their respective advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme. The information may also be disclosed where required or allowed by law. Personal information may be used to contact Pacific Smiles Shareholders in relation to the Scheme.

Pacific Smiles Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Pacific Smiles Shareholders may contact the Registry if they wish to exercise such rights.

If the information outlined above is not collected, Pacific Smiles may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Pacific Smiles Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

External websites

Content on the websites of Pacific Smiles and NDC Bidco does not form part of this Scheme Booklet. All references to websites in this Scheme Booklet are for information purposes only. Accordingly, Pacific Smiles Shareholders should not rely on any such content in making their decision as to whether to vote in favour of the Scheme Resolution.

Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary. Some of the documents reproduced in the Appendices to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the Last Practicable Date. All numbers are rounded, unless otherwise indicated.

The financial amounts in this Scheme Booklet are expressed in Australian currency, unless stated otherwise. A reference to dollars, \$, A\$ or cents is to Australian currency, unless otherwise stated. All times referred to in this Scheme Booklet are references to Australian Eastern Standard Time (AEST), unless stated otherwise.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet. Any discrepancies between totals in tables and sums of components contained in this Scheme Booklet and between those figures and figures referred to in other parts of this Scheme Booklet are due to rounding.

Supplementary information

If Pacific Smiles becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

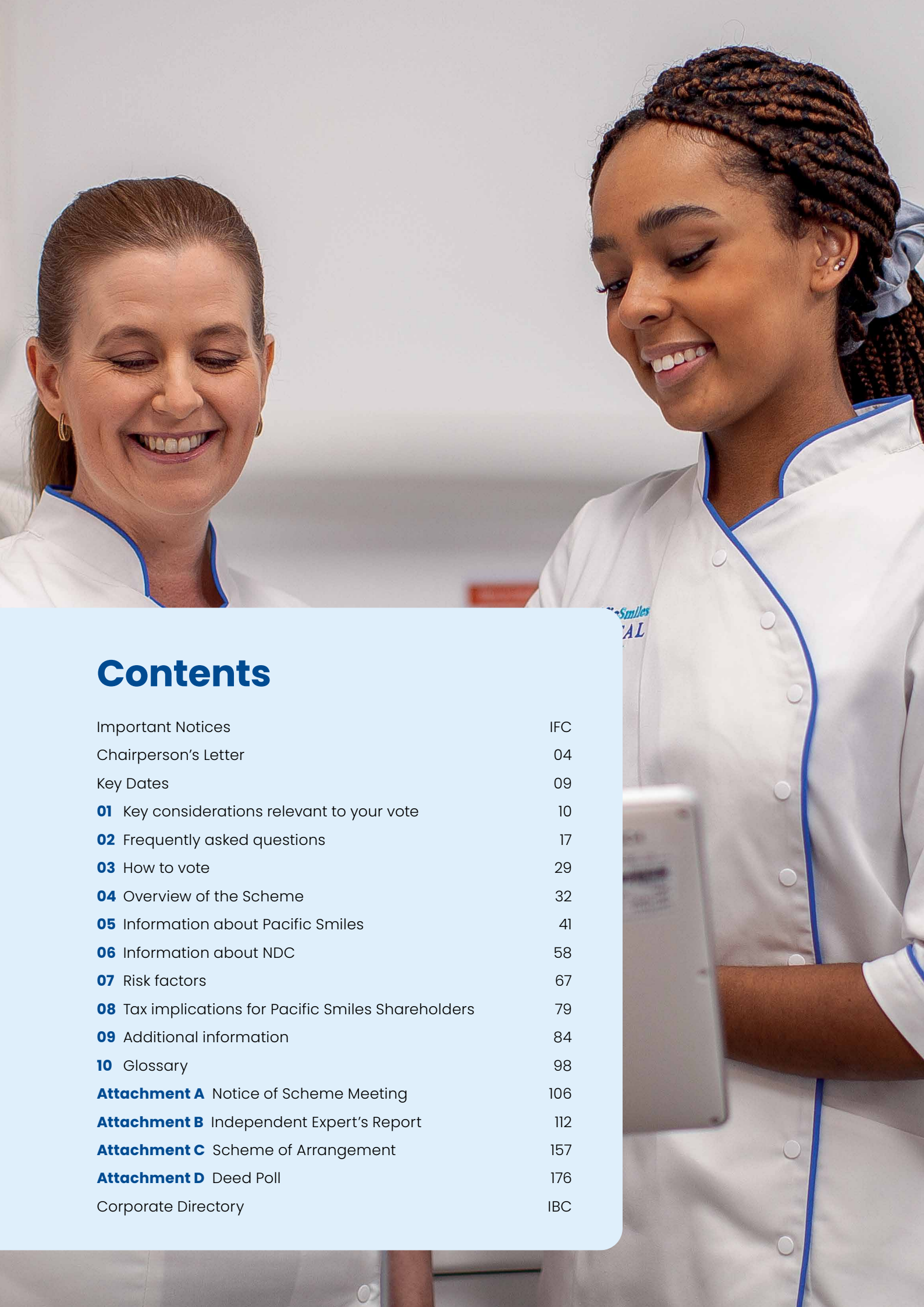
- (a) a material statement in this Scheme Booklet is false or misleading in a material respect;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter in this Scheme Booklet has occurred; and
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Pacific Smiles may circulate and publish any supplementary document by:

- (e) making an announcement to ASX;
- (f) despatching the supplementary document to Pacific Smiles Shareholders in the manner this Scheme Booklet is despatched; and/or
- (g) posting a statement on Pacific Smiles' website at <https://investors.pacificsmilesgroup.com.au/investors/>.

Date

This Scheme Booklet is dated 26 June 2024.



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Chairperson's Letter

Dear Pacific Smiles Shareholders,

On behalf of the Pacific Smiles Board, I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration in relation to the proposed acquisition of Pacific Smiles by NDC BidCo Pty Ltd (**NDC Bidco**) by means of the Scheme (**Transaction**). NDC Bidco is a portfolio company managed by Crescent Capital Partners Management Pty Limited (**Crescent**).

If the Transaction proceeds, it will result in NDC Bidco acquiring all Pacific Smiles Shares, and Pacific Smiles being delisted from the ASX.

The Pacific Smiles Board unanimously recommends that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.¹

The Board considers the Scheme provides Pacific Smiles Shareholders with cash certainty of \$1.90 Total Cash Value per Pacific Smiles Share (which does not include any additional Ticking Fee which may accrue).² This Total Cash Value represents a material premium to the undisturbed share price prior to announcement of the Initial Genesis Capital Indicative Proposal (as defined below) and an increase of 36% from the Initial Genesis Capital Indicative Proposal at \$1.40 per Pacific Smiles Share.

The Independent Expert has similarly concluded in the Independent Expert's Report in Attachment B that the Scheme is **fair and reasonable and therefore in the best interests of Pacific Smiles Shareholders, in the absence of a superior proposal**.

The purpose of this Scheme Booklet is to provide you with information about the Transaction to assist you in making an informed decision about how to vote at the Scheme Meeting, including the reasons you may choose to vote in favour of, or against, the Scheme Resolution (refer to Section 1.2 and Section 1.3 respectively) and certain risks related to the Scheme (refer to Section 7).

Background to the Transaction

On 18 December 2023, Pacific Smiles announced the receipt of an unsolicited, non-binding indicative proposal from Genesis Capital Manager I Pty Ltd (**Genesis Capital**) to acquire 100% of the Pacific Smiles Shares for \$1.40 in cash per Pacific Smiles Share (**Initial Genesis Capital Indicative Proposal**). At that time, Genesis Capital had advised Pacific Smiles that it held an economic interest in 18.75% of the Pacific Smiles Shares on issue pursuant to a cash settled total return swap (which was increased to a 19.9% economic interest on 24 January 2024). Genesis Capital closed the swap and purchased the underlying shares on 7 May 2024. On 18 June 2024, the Takeovers Panel made a declaration that the circumstances regarding this cash settled total return swap were unacceptable. It is not yet known what (if any) orders the Takeovers Panel will make in respect of this declaration, or whether there will be any application for review. Genesis Capital therefore currently has a Relevant Interest in 19.9% of the Pacific Smiles Shares on issue.

In considering whether to engage with Genesis Capital, the Pacific Smiles Board was mindful the Pacific Smiles Share price had been underperforming, notwithstanding the fact the business performance has improved post-COVID. The ongoing underperformance of the Pacific Smiles Share price is potentially attributable to a range of factors, including operating margins remaining below pre-COVID levels (due to wage and rent increases, and immature centres ramping behind their expected trajectory), a lack of share liquidity and other considerations. Pacific Smiles also encountered considerable uncertainty over the past 12 to 18 months regarding the potential outcomes on payroll tax, and in connection with the extraordinary general meeting that was held in December 2022 and changes to the Board and management team. In light of the prevailing share price, the Board was encouraged by many of its shareholders to explore a change of control transaction

1. The interests of Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution. See also disclosure of Mr Vidler's interest in footnote 4 below.
2. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

given concern on the timeframe for return on growth investment and risk of the share price not improving in the medium term under status quo. It was therefore determined that a change of control transaction could have scope to maximise shareholder value on a risk adjusted basis, subject to the offer price that was able to be unlocked.

Having regard to these factors, on 21 December 2023, Pacific Smiles announced that whilst it had rejected the Initial Genesis Capital Indicative Proposal, it would grant Genesis Capital limited access to non-public information on a non-exclusive basis to determine if Genesis Capital was able to formulate a materially improved proposal.

In addition, Pacific Smiles' financial adviser received a number of inbound calls expressing interest in a potential control transaction. As a result, the Board considered it prudent to test interest with a select list of domestic and international parties, in parallel with interest from Genesis Capital.

On 19 March 2024, Pacific Smiles announced the receipt of a revised non-binding proposal from Genesis Capital to acquire 100% of the Pacific Smiles Shares for \$1.75 in cash per Pacific Smiles Share with a potential stub equity alternative form of consideration (**Revised Genesis Capital Indicative Proposal**) subject to conditions, including further due diligence. The Board announced its intention to facilitate further due diligence by Genesis Capital on a non-exclusive basis and recommend (subject to entry into binding documentation) the Revised Genesis Capital Indicative Proposal, in the absence of a superior proposal and subject to an independent expert concluding that the Revised Genesis Capital Indicative Proposal was in the best interests of Pacific Smiles Shareholders. This decision by the Pacific Smiles Board took into consideration shareholder feedback and allowed for a superior proposal to emerge.

In parallel, Pacific Smiles continued negotiations with, and the provision of non-exclusive due diligence access to, select parties with a view to maximising value for Pacific Smiles Shareholders. This included NDC who had submitted a non-binding indicative proposal to the Pacific Smiles Board at an equivalent cash offer price to the Revised Genesis Capital Indicative Proposal. A key condition of NDC's proposal was that it remained confidential.

Following extensive negotiation, on 29 April 2024, Pacific Smiles announced that it had entered into the Scheme Implementation Deed with NDC Bidco for NDC Bidco to acquire Pacific Smiles by way of a scheme of arrangement for cash consideration of \$1.90 cash per Pacific Smiles Share. The Pacific Smiles Board and its external advisers secured a number of bid improvements from NDC, with the Board ultimately deeming the offer under the Scheme Implementation Deed superior to the Revised Genesis Capital Indicative Proposal primarily on the basis of value.

As at the Last Practicable Date, Genesis Capital has not made any public statement as to its voting intention with respect to the Scheme Resolution.

Whilst the Board continues to believe in its ability to self-fund future growth, we believe the Transaction offers Pacific Smiles Shareholders attractive risk-adjusted returns.

Scheme Consideration

Under the terms of the Scheme, Pacific Smiles Shareholders will be paid from NDC Bidco \$1.90 in cash per Pacific Smiles Share held on the Scheme Record Date, less the cash amount of any Permitted Dividend paid. Pacific Smiles will have the discretion to pay Pacific Smiles Shareholders a fully franked dividend of up to 12 cents per share. The Permitted Dividend, if declared, would be conditional on the Scheme becoming Effective and payable on or prior to the Implementation Date.

Additionally, Pacific Smiles Shareholders may be entitled to receive an additional Ticking Fee in certain circumstances. If there is a Relevant Restraint in effect on 28 September 2024, the Ticking Fee will start to accrue where the Scheme Consideration payable by NDC Bidco will increase by \$0.01 per Pacific Smiles Share, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th day of each calendar month thereafter while any Relevant Restraint remains in effect.

Chairperson's Letter

If the Scheme becomes Effective and a Permitted Dividend is declared and paid, Pacific Smiles Shareholders will be paid Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee which may accrue)³. This Total Cash Value comprises:

- (a) the Scheme Consideration to be paid by NDC Bidco, which is \$1.90 per Pacific Smiles Share held on the Scheme Record Date, less the cash amount of any Permitted Dividend paid by Pacific Smiles; and
- (b) the Permitted Dividend of up to \$0.12 per Pacific Smiles Share held on the Permitted Dividend Record Date, to be paid by Pacific Smiles.

Certain Pacific Smiles Shareholders may be able to realise the benefit of franking credits attached to any Permitted Dividend. The franking credits attached to any Permitted Dividend that Pacific Smiles Shareholders may be able to utilise will depend in part on their own personal circumstances. You are encouraged to seek independent legal and taxation advice. If declared, the payment of any Permitted Dividend will be subject to the Scheme becoming Effective.

Pacific Smiles Directors' Voting Recommendation and Intentions

The Pacific Smiles Directors unanimously recommend that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

Subject to those same qualifications, each Pacific Smiles Director intends to vote, or cause to be voted, all Pacific Smiles Shares in which they have a Relevant Interest or which they control in favour of the Scheme Resolution. As at the Last Practicable Date, the Directors hold approximately 634,484 Pacific Smiles Shares in aggregate, representing approximately 0.40% of the Pacific Smiles Shares on issue on an undiluted basis.

The interests of Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution.⁴

The Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee which may accrue)⁵ reflects:

- an enterprise value multiple on the mid-point of FY24 EBITDA guidance of ~11x⁶, representing a multiple at the top end of the range of precedent transactions in the Australian dental market;
- a premium of 98.1% to the 1-month undisturbed volume weighted average price to 15 December 2023 (**Undisturbed VWAP**) of \$0.96 per Pacific Smile Share and 91.5% to the 3-month Undisturbed VWAP of \$0.99 per Pacific Smile Share; and
- a certain cash outcome for Pacific Smiles Shareholders, which removes exposure to ongoing risks and uncertainty of Pacific Smiles' business.

In reaching the unanimous decision to recommend the Scheme Resolution, subject to the qualifications described above, the Pacific Smiles Directors considered in detail various alternatives to maximise value as a standalone entity. The Directors considered closely the potential for the business, including the recent investment in new centre openings over the pandemic period, the recent performance of centres, the liquidity of the share register and the potential to restart greenfield organic growth. This was also considered in the context of broader operating risks facing the business as set out in Section 7.2.

3. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

4. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

5. See footnote 3 above.

6. Based on 159,581,938 Pacific Smiles Shares on issue and net cash as at 31 December 2023 of \$13.3m.

After considering these factors, the Directors formed the view that, on balance, the value offered by the Total Cash Value weighed against the risks around ascertaining that value in the medium term is likely to deliver a superior outcome for Pacific Smiles Shareholders now compared to what would otherwise be available, on a future risk adjusted basis, if Pacific Smiles continued to operate as a standalone entity.

Potential reasons you may choose to vote in favour of the Scheme Resolution are detailed in Section 1.2. There are also reasons why you may choose to vote against the Scheme Resolution, which are set out in Section 1.3. Certain risks related to the Scheme and holding Pacific Smiles Shares generally are set out in Section 7. The Pacific Smiles Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

Independent Expert's Report

The Pacific Smiles Board's unanimous recommendation is also consistent with the conclusion of the Independent Expert, Deloitte, who was engaged by Pacific Smiles to opine on whether the Scheme is in the best interests of Pacific Smiles Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Pacific Smiles Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Pacific Smiles at between \$1.80 and \$2.17 per Pacific Smiles Share. This value range takes account of market participant benefits including listed company cost savings and cost synergies which Pacific Smiles Shareholders will not benefit from if the Scheme is unsuccessful. The Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee which may accrue)⁷ is within this range.

The Independent Expert has noted in the Independent Expert's Report that, in the event the Scheme is unsuccessful and in the absence of an alternative offer, it considers that Pacific Smiles Share price may decline to the levels observed prior to the announcement of the Scheme.

How to Vote

The Scheme can only be implemented if it is approved by the Requisite Majorities at the Scheme Meeting, being:

- unless the Court determines otherwise, a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or by a corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution,

and if it is subsequently approved by the Court at the Second Court Hearing.

The Scheme is also subject to a number of other Conditions (see Section 9.1(a) of this Scheme Booklet).

Your vote is important in determining whether or not the Scheme proceeds. The Scheme Meeting is scheduled to be held at 11:30am (AEST) on 1 August 2024 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ. If you do not wish to or are unable to attend the Scheme Meeting in person or online, I strongly encourage you to vote on the Scheme Resolution by completing the personalised proxy form accompanying this Scheme Booklet and returning it to the Registry so that it is received no later than 11:30am on 30 July 2024.

7. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

Chairperson's Letter

Further Information

This Scheme Booklet sets out important information relating to the Scheme, the reasons for the Pacific Smiles Board's recommendation, together with the Independent Expert's Report. This Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

I encourage you to read this Scheme Booklet carefully and in its entirety. It will assist you in making an informed decision on how to vote in relation to the Scheme Resolution. We also recommend that you seek independent financial, legal, taxation or other professional advice before making an investment decision in relation to your Pacific Smiles Shares.

If you have any questions in relation to the Scheme, please call the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) any time between 8:30am and 5:30pm (AEST) on Monday to Friday (excluding public holidays).

On behalf of the Pacific Smiles Board, I thank you for your ongoing support of Pacific Smiles. I look forward to your participation at the Scheme Meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Zita Peach', with a stylized, flowing script.

Zita Peach

Non-Executive Chairperson
Pacific Smiles Group Limited

Key Dates

Event	Date and Time
First Court Date The date on which the Court made orders convening the Scheme Meeting	25 June 2024
Date of this Scheme Booklet	26 June 2024
Last date for proxy forms Last date for proxy forms or powers of attorney to be received by the Registry for the Scheme Meeting	11:30am (AEST) on 30 July 2024
Eligibility to vote Time and date for determining eligibility to vote at the Scheme Meeting	7:00pm (AEST) on 30 July 2024
Scheme Meeting	11:30am (AEST) on 1 August 2024

If the Scheme Resolution is approved by Pacific Smiles Shareholders at the Scheme Meeting:

Event	Date and Time
Second Court Date Pacific Smiles to apply for Court orders approving the Scheme	3:00pm (AEST) on 2 August 2024
Effective Date Court orders to be lodged with ASIC, announced on the ASX Trading in Pacific Smiles Shares on the ASX to be suspended from close of trading	5 August 2024
Permitted Dividend Record Date Record date to determine entitlements to any Permitted Dividend	7:00pm (AEST) on 8 August 2024
Scheme Record Date Record date to determine entitlements to Scheme Consideration	7:00pm (AEST) on 12 August 2024
Implementation Date Scheme Consideration to be paid to Scheme Shareholders	19 August 2024

All references to times above are to Australian Eastern Standard Time (AEST) unless otherwise specified. Please note that all of the above times and dates are indicative only and subject to change. In particular, the date of the Scheme Meeting may be postponed or adjourned if satisfaction of a Condition is delayed. Any changes will be announced by Pacific Smiles to the ASX.



01

**Key considerations
relevant to your vote**

01 Key considerations relevant to your vote

The Scheme has a number of potential advantages and disadvantages that may affect Pacific Smiles Shareholders in different ways depending on their individual circumstances. Those potential advantages and disadvantages are described in this Section 1, a summary of which is set out in Section 1.1 below.

Section 1.2 provides a summary of the reasons why the Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders. Section 1.2 should be read in conjunction with Section 1.3, which sets out reasons why Pacific Smiles Shareholders may wish to vote against the Scheme. While the Directors acknowledge the reasons to vote against the Scheme, they believe the benefits of the Scheme (and the risks of maintaining an investment in Pacific Smiles) outweigh its potential disadvantages and risks.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting. You should also seek professional advice on your particular circumstances, as appropriate.

1.1 Summary of reasons why you might vote for or against the Scheme

(a) Reasons to vote in favour of the Scheme Resolution

- ✓ The Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders⁸
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal
- ✓ The Total Cash Value represents a premium relative to recent historical trading of Pacific Smiles Shares on ASX
- ✓ The all-cash nature of the Scheme Consideration provides Pacific Smiles Shareholders with certainty of value
- ✓ If the Scheme does not proceed, Pacific Smiles Shareholders will continue to be exposed to risks associated with Pacific Smiles' business
- ✓ Pacific Smiles' share price may fall if the Scheme is not implemented
- ✓ No Superior Proposal has emerged as at the date of this Scheme Booklet
- ✓ No brokerage will be payable by you for the transfer of your Pacific Smiles Shares under the Scheme
- ✓ Eligible Pacific Smiles Shareholders may receive an additional benefit from the value of franking credits attached to any Permitted Dividend paid

8. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

01 Key considerations relevant to your vote

(b) Reasons to vote against the Scheme

- X** You may disagree with the Pacific Smiles Directors' unanimous recommendation and/or the conclusion in the Independent Expert's Report
- X** You may prefer to retain your investment in Pacific Smiles and the opportunity to participate in its business in the future
- X** You may consider that there is the potential for a Superior Proposal to emerge
- X** The tax implications of the Scheme may not be suitable to your financial circumstances or position

1.2 Reasons to vote in favour of the Scheme Resolution

(a) The Pacific Smiles Directors unanimously recommend that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders

The Pacific Smiles Directors unanimously recommend that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

In reaching their unanimous recommendation, the Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet. The Directors believe the Scheme Consideration proposed under the Scheme is attractive and fairly recognises the value of both Pacific Smiles' existing business, its installed footprint, sector headwinds and risk associated with executing on medium-term growth.

Subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders, each of the Directors intends to vote, or cause to be voted, all Pacific Smiles Shares in which they have a Relevant Interest or which they control in favour of the Scheme Resolution.

The interests of Pacific Smiles' Managing Director and Chief Executive Officer, Mr Andrew Vidler, and the other Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution, including Mr Andrew Vidler's recommendation on the Scheme Resolution which appears throughout this Scheme Booklet.⁹

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal

Pacific Smiles appointed Deloitte Corporate Finance Pty Limited to prepare an Independent Expert's Report setting out its opinion as to whether the Scheme is in the best interests of Pacific Smiles Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Pacific Smiles at between \$1.80 and \$2.17 per Pacific Smiles Share. This value range takes account of market participant benefits including listed company cost savings and cost synergies which Pacific Smiles Shareholders will not benefit from if the Scheme is unsuccessful.

9. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

The Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee that may accrue)¹⁰ is within this valuation range.

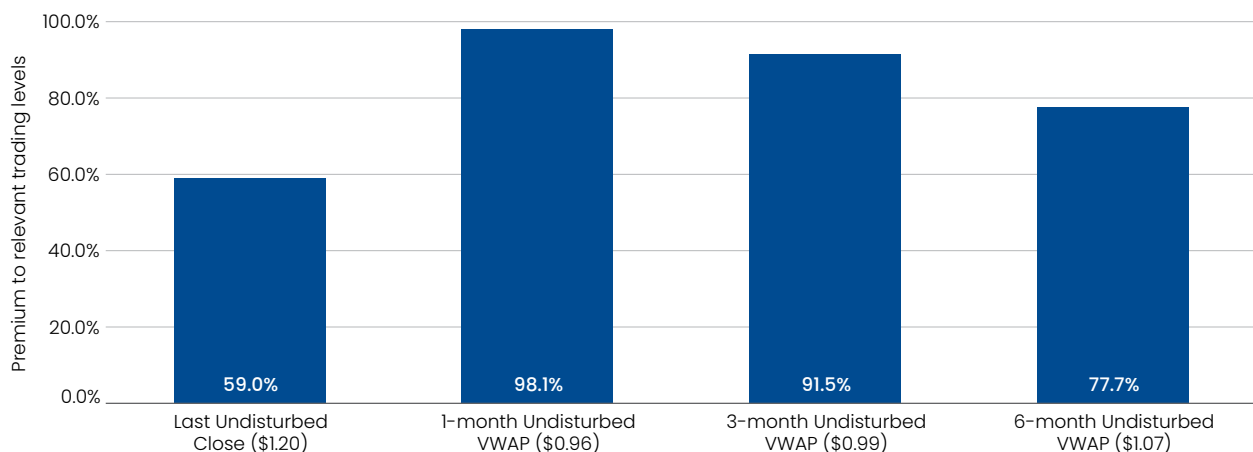
As at the date of this Scheme Booklet, the Independent Expert has not withdrawn, changed or qualified its conclusion.

The Independent Expert's Report is included as Attachment B to this Scheme Booklet and the Pacific Smiles Directors encourage you to read this report in full.

(c) The Total Cash Value represents a premium relative to recent historical trading of Pacific Smiles Shares on ASX

The Total Cash Value of \$1.90 (which does not include any Ticking Fee that may accrue)¹¹ represents a premium of:

- 59.0% to the closing price of \$1.20 per Pacific Smiles Share on 15 December 2023, being the last trading day prior to the announcement that Pacific Smiles received the Initial Genesis Capital Indicative Proposal;
- 98.1% to the 1-month Undisturbed VWAP to 15 December 2023 of \$0.96 per Pacific Smiles Share;
- 91.5% to the 3-month Undisturbed VWAP of \$0.99 per Pacific Smiles Share; and
- 77.7% to the 6-month Undisturbed VWAP of \$1.07 per Pacific Smiles Share.



Additionally, if there is a Relevant Restraint in effect on 28 September 2024, the Ticking Fee will start to accrue where the Scheme Consideration payable by NDC Bidco will increase by \$0.01 per Pacific Smiles Share, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th day of each calendar month thereafter while any Relevant Restraint remains in effect.

(d) The all-cash nature of the Scheme Consideration provides Pacific Smiles Shareholders with certainty of value

The offer from NDC Bidco is a 100% cash offer. More specifically, if the Scheme is implemented, Scheme Shareholders will be paid the Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee which may accrue¹² or any additional benefit from franking credits which might attach to any Permitted Dividend paid). This provides a high degree of certainty of value.

10. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

11. See footnote 10 above.

12. See footnote 10 above.

01 Key considerations relevant to your vote

(e) If the Scheme does not proceed, Pacific Smiles Shareholders will continue to be exposed to risks associated with Pacific Smiles' business

If the Scheme does not proceed, the value that Pacific Smiles Shareholders will be able to realise from their Pacific Smiles Shares (in terms of the price of those Pacific Smiles Shares and any future dividends that may be paid in respect of them) will be uncertain and subject to a number of risks outlined in Section 7.2.

If the Scheme proceeds, Pacific Smiles Shareholders will no longer be exposed to these risks and uncertainties, which will be assumed by NDC Bidco as the sole Pacific Smiles Shareholder following implementation of the Scheme.

There are a number of ongoing financial, operational and regulatory risks associated with Pacific Smiles' business that the Pacific Smiles Board has taken into account in its consideration of the Scheme, including all of the risks set out in Section 7.2, and in particular, the potential changes in the dental and private health insurance industries and patient trends, risks associated with any further payroll tax determination or assessment, the higher inflationary environment and macro-economic uncertainty (which are each described in further detail in Section 7.2).

(f) Pacific Smiles' share price may fall if the Scheme is not implemented

On the last trading day prior to the receipt of the Initial Genesis Capital Indicative Proposal, being 15 December 2023, the closing price of Pacific Smiles Shares was \$1.20. During the six months prior to this date, Pacific Smiles Shares traded on an Undisturbed VWAP of \$1.07, from a low of \$0.90 to a high of \$1.55 (based on closing prices).

The Pacific Smiles Share price experienced a sustained period of decline prior to receipt of the Initial Genesis Capital Indicative Proposal on 18 December 2023, from a high of \$3.08 on 24 November 2021 to a low of \$0.90 on 27 November 2023 (based on closing prices). The Pacific Smiles Board believes this was primarily due to operational performance of some cohorts that have taken longer than planned to deliver to estimates, uncertainty caused by the extraordinary general meeting that was held in December 2022, lack of trading liquidity and uncertainty around potential payroll tax outcomes.

If the Scheme is not implemented, Pacific Smiles Shares will continue to trade on ASX and will continue to be subject to market volatility and risk. This includes liquidity risk, exposure to general securities market movements, the impact of general domestic and global economic conditions and the demand for securities in listed entities.

As such, if the Scheme does not proceed, depending on the circumstances and a range of factors, it is possible that Pacific Smiles' share price will fall below the Total Cash Value.

The Independent Expert has indicated in the Independent Expert's Report that the Pacific Smiles Share price is likely to decline to levels observed prior to announcement of the Scheme if the Scheme is not implemented and no superior proposal emerges.

(g) No Superior Proposal has emerged as at the date of this Scheme Booklet

As at the date of this Scheme Booklet, no Superior Proposal has emerged and the Pacific Smiles Directors are not aware of any Superior Proposal that is likely to emerge.

(h) No brokerage will be payable by you for the transfer of your Pacific Smiles Shares under the Scheme

You will not incur any brokerage on the transfer of your Pacific Smiles Shares to NDC Bidco under the Scheme. Brokerage may be incurred if you transfer your Pacific Smiles Shares other than under the Scheme.

(i) Eligible Pacific Smiles Shareholders may receive an additional benefit from the value of franking credits attached to any Permitted Dividend paid

If the Permitted Dividend is declared and paid, the Permitted Dividend may have franking credits attached for eligible Pacific Smiles Shareholders. The payment of any Permitted Dividend will be conditional on the Scheme becoming Effective, so it will not be paid if the Scheme does not become Effective.

For those Pacific Smiles Shareholders who are able to realise the full benefit of franking credits, the franking credits attached to a Permitted Dividend of up to \$0.12 per Pacific Smiles Share (which has not yet been determined or declared by the Pacific Smiles Board) are potentially worth up to approximately \$0.0514 per Pacific Smiles Share. Whether a Pacific Smiles Shareholder is able to obtain the full benefit of the franking credits depends on their personal tax circumstances.

Please note that, if the Scheme is implemented and the Permitted Dividend is declared and paid, Pacific Smiles Shareholders will only be paid the Total Cash Value for each of their Pacific Smiles Shares provided that they hold all of those shares on both the Permitted Dividend Record Date and the Scheme Record Date. If you become a Pacific Smiles Shareholder after the Permitted Dividend Record Date, you will not be entitled to receive the Permitted Dividend and you will be paid the Scheme Consideration (being \$1.90 less the cash amount of any Permitted Dividend plus any Ticking Fee which may accrue)¹³ for each Pacific Smiles Share you hold on the Scheme Record Date. Similarly, if you sell your Pacific Smiles Shares after the Permitted Dividend Record Date but prior to the Scheme Record Date, you will be paid any Permitted Dividend but not the Scheme Consideration.

Pacific Smiles Shareholders should seek independent professional taxation advice as to whether or not the receipt of any Permitted Dividend and any entitlement to franking credits attached thereto is beneficial to them based on their own particular circumstances. In particular, Pacific Smiles Shareholders should note that, depending on the timing of and price at which they acquired their Pacific Smiles Shares, there may be differences in the tax consequences for them. Refer to Section 8 of this Scheme Booklet for further details.

The Pacific Smiles Board currently intends to pay a fully franked Permitted Dividend up to such cash amount to be determined based on Pacific Smiles' profits and equity reserves at the time of declaring any Permitted Dividend. Any such Permitted Dividend will be subject to the Scheme becoming Effective, and will be paid on or prior to the Implementation Date. The final decision on whether or not to pay a Special Dividend will be made by the Pacific Smiles Board and will depend upon a number of factors, including the availability of franking credits, the availability of profits and funding reserves and the requirements of the Corporations Act. The final decision of the Board will be communicated to Pacific Smiles Shareholders by way of an ASX announcement before the Scheme Meeting, with payment being conditional on the Scheme becoming Effective.

13. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

01 Key considerations relevant to your vote

1.3 Reasons to vote against the Scheme

The Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.¹⁴ In addition, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Scheme Shareholders, in the absence of a superior proposal. However, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

(a) You may disagree with the Pacific Smiles Directors' unanimous recommendation and/or the conclusion in the Independent Expert's Report

Despite the recommendation of the Pacific Smiles Directors and the conclusion of the Independent Expert that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal, you may disagree and believe that the Scheme is not in the best interests of Pacific Smiles Shareholders or not in your best interests.

(b) You may prefer to retain your investment in Pacific Smiles and the opportunity to participate in its business in the future

If the Scheme is implemented, you will no longer be a Pacific Smiles Shareholder and will lose the ability to participate in any potential upside that may result from maintaining your investment in Pacific Smiles.

This means that you will not participate in the business in the future or the future financial performance of Pacific Smiles and will not retain exposure to the value that could be created for Pacific Smiles Shareholders in the future.

It should be noted that the potential for any future upside in returns must be weighed against the risks of an ongoing investment in Pacific Smiles (as discussed in Section 7). There is no guarantee as to Pacific Smiles' future performance, as is the case with all investments in listed entities.

The Pacific Smiles Board and the Independent Expert have considered this in their assessment of the Scheme.

(c) You may consider that there is the potential for a Superior Proposal to emerge

You may believe that there is potential for a Superior Proposal to emerge. This may include a takeover bid or alternative transaction proposal which, when considered on a per-share basis, could deliver a superior outcome for Pacific Smiles Shareholders when compared with the Scheme.

However, as at the date of this Scheme Booklet, no Superior Proposal has emerged and the Pacific Smiles Directors are not aware of any Superior Proposal that is likely to emerge.

(d) The tax implications of the Scheme may not be suitable to your financial circumstances or position

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Pacific Smiles Shares to NDC Bidco pursuant to the Scheme are not suitable to you. A general guide to the Australian tax implications of the Scheme is set out in Section 8 of this Scheme Booklet. All Pacific Smiles Shareholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Pacific Smiles Shareholders, foreign tax consequences.

14. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.



02

**Frequently asked
questions**

02 Frequently asked questions

Question	Answer
Background information	
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Pacific Smiles Shareholder and you are being asked to vote on the Scheme which, if approved, will result in NDC Bidco acquiring all Pacific Smiles Shares for the Scheme Consideration. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme Resolution at the Scheme Meeting. If you have sold all of your Pacific Smiles Shares, please disregard this Scheme Booklet.</p>
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Pacific Smiles and the Scheme Shareholders.</p> <p>A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities.</p> <p>If the Scheme becomes Effective, NDC Bidco will acquire all of the Scheme Shares on the Implementation Date for the Scheme Consideration. Pacific Smiles will be delisted from the ASX and become a wholly owned subsidiary of NDC Bidco.</p>
Who is NDC?	<p>National Dental Care (NDC) is a corporate dental group with a network of branded practices located across Australia. NDC operates 88 practices across New South Wales, Queensland, Victoria, South Australia, Western Australia and the Northern Territory. NDC estimates that its centres account for around 2% of the revenue in the dental services market.</p> <p>Across its network, NDC has close to 400 commissioned dental chairs, with around 480 dentists and 125 oral health therapists and hygienists. NDC currently operates two primary brands: National Dental Care and DB Dental (in Western Australia). The dental services provided across the company’s practices include general, preventative, diagnostic, restorative, specialist and cosmetic services.</p> <p>NDC was established in FY13 with a goal of building a corporatised dental business. NDC has achieved network expansion through a disciplined acquisition-led approach, with a focus on acquiring high quality practices with excellent clinical standards.</p> <p>At the core of NDC’s corporate business model is patient care, which is delivered at the practice level via clinical standards excellence, investment in technology and advanced equipment, as well as training and clinical support.</p>
What needs to occur in order for the Scheme to go ahead?	<p>In order for the Scheme to go ahead, the Requisite Majorities of Pacific Smiles Shareholders need to vote in favour of the Scheme Resolution at the Scheme Meeting, and all of the Conditions (as described in Section 9.1(a)) must be satisfied or waived (as applicable), including the Court approving the Scheme at the Second Court Hearing.</p>

Question	Answer
Background information	
Do the Pacific Smiles Directors recommend the Scheme?	<p>The Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders. The reasons for this recommendation, and other matters that you may wish to take into consideration, are set out in the “Reasons to vote in favour of the Scheme Resolution” in Section 1.2 of this Scheme Booklet.</p> <p>The interests of Pacific Smiles’ Managing Director and Chief Executive Officer, Mr Andrew Vidler, and the other Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution, including Mr Andrew Vidler’s recommendation on the Scheme Resolution which appears throughout this Scheme Booklet.¹⁵</p> <p>The Pacific Smiles Directors recommend that, before voting on the Scheme Resolution, all Pacific Smiles Shareholders:</p> <ul style="list-style-type: none"> • carefully read the contents of this Scheme Booklet (including the Independent Expert’s Report); • obtain advice from appropriate legal, financial and tax professionals with regards to how the Scheme might impact them; and • consider their own preferences, personal and financial circumstances.
What are the intentions of the Pacific Smiles Directors?	Each Pacific Smiles Director intends to vote, or cause to be voted, all Pacific Smiles Shares in which they have a Relevant Interest or which they control in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders. Details of each Pacific Smiles Director’s interest in Pacific Smiles Shares is set out in Section 5.11(a).
What are the reasons to vote in favour of the Scheme Resolution?	The reasons to vote in favour of the Scheme Resolution are set out in the “Reasons to vote in favour of the Scheme Resolution” in Section 1.2 of this Scheme Booklet. Certain risks related to holding Pacific Smiles Shares and the Scheme are set out in Section 7 of this Scheme Booklet. The Pacific Smiles Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal.

15. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board’s (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler’s Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler’s views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

02 Frequently asked questions

Question	Answer
Background information	
What if the Independent Expert withdraws or changes its opinion?	<p>If the Independent Expert withdraws or adversely changes its opinion, this will be announced to the ASX and the Pacific Smiles Directors will carefully consider the Independent Expert's revised opinion. The Pacific Smiles Directors may withdraw or change their recommendation and if this occurs, will advise the market of any change to their recommendation.</p> <p>If the Independent Expert withdraws or adversely changes its opinion (other than wholly or partly as a result of a Competing Proposal) and a majority of the Pacific Smiles Directors withdraw or adversely change their recommendation, Pacific Smiles may terminate the Scheme Implementation Deed on or before 8:00am on the Second Court Date without paying the Break Fee to NDC Bidco (unless it had become payable prior to giving notice of termination).</p>
What happens if a Superior Proposal is received?	<p>Pacific Smiles Shareholders should note that Pacific Smiles has agreed to certain exclusivity and break fee arrangements in favour of NDC Bidco, which are summarised in Section 9.1 of this Scheme Booklet.</p> <p>If a Superior Proposal emerges, the matching rights process under the Scheme Implementation Deed will apply whereby NDC Bidco will have the opportunity to make a counterproposal. The Pacific Smiles Board will carefully consider any such counterproposal to consider whether it would produce an equivalent or superior outcome for Pacific Smiles Shareholders than the Superior Proposal. If the Pacific Smiles Board determines that it would produce such an outcome, then Pacific Smiles will use its best endeavours to agree amendments to the Scheme Implementation Deed to reflect that counterproposal.</p> <p>If the counterproposal is not determined to produce an equivalent or superior outcome, the Pacific Smiles Directors will carefully consider their recommendation in respect of the Scheme, and advise the market of any change to their recommendation.</p> <p>If any Director withdraws or changes their recommendation or recommends, supports or endorses a Competing Proposal, NDC Bidco may terminate the Scheme Implementation Deed before 8:00am on the Second Court Date. Pacific Smiles may also be obliged to pay NDC Bidco the Break Fee in these circumstances, as discussed further in Section 9.1 of this Scheme Booklet.</p>

Question	Answer
Scheme Consideration and Total Cash Value	
What payment will I receive if the Scheme is implemented?	<p>The Scheme Consideration payable by NDC Bidco under the Scheme is \$1.90 per Pacific Smiles Share, less the cash amount of any Permitted Dividend paid by Pacific Smiles on or before the Implementation Date plus any Ticking Fee which may accrue.¹⁶</p> <p>If the Scheme becomes Effective on the timetable set out in this Scheme Booklet, those Scheme Shareholders who receive any Permitted Dividend and the Scheme Consideration will, in aggregate, receive \$1.90 per Pacific Smiles Share, being the Total Cash Value under the Scheme (which does not include any Ticking Fee which may accrue)¹⁷.</p> <p>If the Scheme becomes Effective, any Pacific Smiles Shareholder that is registered as the holder of a Pacific Smiles Share on the Permitted Dividend Record Date, but ceases to be registered as the holder of that Pacific Smiles Share on the Scheme Record Date, will receive any Permitted Dividend declared but not the Scheme Consideration in respect of that Pacific Smiles Share.</p> <p>Additionally, if there is a Relevant Restraint in effect on 28 September 2024, the Ticking Fee will start to accrue where the Scheme Consideration payable by NDC Bidco will increase by \$0.01 per Pacific Smiles Share, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th day of each calendar month thereafter while any Relevant Restraint remains in effect.</p>
What is the premium of the Total Cash Value to the price of Pacific Smiles Shares?	<p>The Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee that may accrue)¹⁸ represents a premium of:</p> <ul style="list-style-type: none"> • 59.0% to the undisturbed closing price of \$1.20 per Pacific Smiles Share on 15 December 2023, being the last trading day prior to the announcement that Pacific Smiles received the Initial Genesis Capital Indicative Proposal; and • 98.1% to the 1-month Undisturbed VWAP to 15 December 2023 of \$0.96 per Pacific Smiles Share and 91.5% to the 3-month Undisturbed VWAP of \$0.99 per Pacific Smiles Share. <p>The Total Cash Value of \$1.90 per Pacific Smiles Share implies an undiluted market capitalisation for Pacific Smiles of approximately \$303.2 million.¹⁹</p>
Who is entitled to participate in the Scheme?	<p>Persons who hold Pacific Smiles Shares on the Scheme Record Date will participate in the Scheme and, if the Scheme is implemented, those persons will be paid the Scheme Consideration in respect of each Pacific Smiles Share they hold on the Scheme Record Date.</p>

16. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

17. See footnote 16 above.

18. See footnote 16 above.

19. Based on 159,581,938 Pacific Smiles Shares on issue, and does not include any Pacific Smiles Performance Rights which may vest upon the Scheme becoming Effective (refer to Section 9.2(d)).

02 Frequently asked questions

Question	Answer
Scheme Consideration and Total Cash Value	
If I am entitled to participate in the Scheme, when will I be paid the Scheme Consideration?	If the Scheme becomes Effective, Pacific Smiles Shareholders on the Share Register on the Scheme Record Date will be paid the Scheme Consideration on the Implementation Date.
What is the Permitted Dividend?	<p>The Pacific Smiles Board currently intends to pay a fully franked Permitted Dividend up to such cash amount to be determined based on Pacific Smiles' profits and equity reserves at the time of declaring any Permitted Dividend. Any such Permitted Dividend will be subject to the Scheme becoming Effective, and will be paid on or prior to the Implementation Date.</p> <p>The final decision on whether or not to pay a Permitted Dividend will be made by the Pacific Smiles Board and will depend upon a number of factors, including the availability of franking credits, the availability of profits and the requirements of the Corporations Act.</p> <p>The final decision of the Pacific Smiles Board regarding any Permitted Dividend will be communicated to Pacific Smiles Shareholders by way of an ASX announcement before the Scheme Meeting.</p>
Am I eligible to be paid any Permitted Dividend?	<p>Yes, provided that:</p> <ul style="list-style-type: none">• the Pacific Smiles Board declares the Permitted Dividend. It remains at the discretion of the Board whether any Permitted Dividend is ultimately declared and paid;• the Scheme becomes Effective; and• you are registered as a Pacific Smiles Shareholder on the Permitted Dividend Record Date. <p>If the Scheme does not become Effective, you will not be paid any Permitted Dividend.</p>
Will any Permitted Dividend be franked?	It is intended that any Permitted Dividend will be fully franked.
Will I get the benefit of franking credits attached to any Permitted Dividend?	Certain Pacific Smiles Shareholders may be able to realise the benefit of franking credits that will be attached to any fully franked Permitted Dividend (if declared). Pacific Smiles Shareholders may be entitled to a tax offset equal to the franking credits attached to the fully franked Permitted Dividend. The benefit of any franking credits attached to any Permitted Dividend will depend on your own personal circumstances. The Pacific Smiles Directors encourage you to seek independent legal and taxation advice around the franking credits and any fully franked Permitted Dividend.

Question	Answer
Scheme Consideration and Total Cash Value	
When will I be paid any Permitted Dividend?	<p>If the Scheme becomes Effective, and assuming the Permitted Dividend is declared, the Permitted Dividend will be paid to Pacific Smiles Shareholders on or before the Implementation Date in the same way and in the same currency they have elected to receive distributions from Pacific Smiles. The Permitted Dividend will only be paid to persons registered as a Pacific Smiles Shareholder on the Permitted Dividend Record Date. The payment of the Permitted Dividend will be conditional on the Scheme becoming Effective. If the Scheme does not become Effective, the Permitted Dividend will not be paid to Pacific Smiles Shareholders.</p> <p>If the Scheme does not become Effective, there will be no certainty as to the timing and quantum of any future dividends. The Pacific Smiles Board will continue to consider the payment of dividends in light of the funding needs of Pacific Smiles at the relevant time, its dividend policy at the relevant time, its near term identified capital investment opportunities, and the need to maintain a strong balance sheet.</p>
Will I be paid any further distributions from Pacific Smiles if the Scheme becomes Effective?	<p>If the Pacific Smiles Board decides to pay any Permitted Dividend and the Scheme becomes Effective, then if you are registered as a Pacific Smiles Shareholder on the Permitted Dividend Record Date, you will be paid the Permitted Dividend on or prior to the Implementation Date. After that, you will not receive any further distributions from Pacific Smiles.</p> <p>However, persons who hold Pacific Smiles Shares on the Scheme Record Date will participate in the Scheme and, if the Scheme is implemented, those persons will be paid the Scheme Consideration in respect of each Pacific Smiles Share they hold on the Scheme Record Date.</p>
What is the status of the Class Ruling?	<p>Pacific Smiles has applied for a Class Ruling from the ATO on behalf of Pacific Smiles Shareholders on certain matters.</p> <p>The ATO has not issued the Class Ruling requested as at the date of the Scheme Booklet. When Pacific Smiles receives a draft of the ATO Class Ruling, Pacific Smiles Shareholders will be informed through an announcement on the ASX.</p> <p>The final ATO Class Ruling will not be issued until after the Implementation Date for the Scheme.</p> <p>Further information is provided in Section 8 of this Scheme Booklet.</p>
How will Pacific Smiles fund the Permitted Dividend (if declared)?	<p>Any Permitted Dividend will be funded via Pacific Smiles' existing cash on hand and existing undrawn debt facilities.</p>
What are the tax implications of the Scheme?	<p>The tax implications of the Scheme will depend on each Pacific Smiles Shareholder's personal circumstances.</p> <p>General information about the potential Australian tax consequences of the Scheme is set out in Section 8 of this Scheme Booklet. However, as that information is general in nature and as each Pacific Smiles Shareholder's circumstances will vary, each Pacific Smiles Shareholder should obtain professional tax advice that is relevant to their particular circumstances.</p>

02 Frequently asked questions

Question	Answer
Scheme Consideration and Total Cash Value	
Will brokerage be payable if the Scheme is implemented?	Brokerage will not be payable if the Scheme is implemented and your Pacific Smiles Shares are acquired by NDC Bidco.
Can I sell my Pacific Smiles Shares now?	<p>You can offer to sell your Pacific Smiles Shares on-market at any time before the close of trading on the ASX on the Effective Date. However, if you do so you will receive the prevailing on-market price set at the time of sale which may not be the same price as the Total Cash Value. Pacific Smiles intends to apply to the ASX for Pacific Smiles Shares to be suspended from official quotation on the ASX from the close of trading on the Effective Date. Accordingly, you will not be able to sell your Pacific Smiles Shares on-market after that time.</p> <p>It is possible that brokerage may be incurred if you sell or transfer your Pacific Smiles Shares other than under the Scheme.</p>
Question	Answer
Scheme Meeting and voting considerations	
When and where will the Scheme Meeting be held?	<p>Location: Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000</p> <p>online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ</p> <p>Date: 1 August 2024</p> <p>Time: 11:30am (AEST)</p>
What are Pacific Smiles Shareholders being asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Pacific Smiles Shareholders will be asked to vote on the Scheme Resolution. The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Attachment A to this Scheme Booklet.
Am I entitled to vote at the Scheme Meeting?	If you are registered as a Pacific Smiles Shareholder on the Share Register at 7:00pm (AEST) on 30 July 2024, you will be entitled to vote at the Scheme Meeting.
Can I still vote if I can't attend the Scheme Meeting in person?	<p>If you are unable to attend the Scheme Meeting in person or would prefer to attend online, you can vote on the Scheme Resolution by attending the meeting online via https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ.</p> <p>Alternatively, you may wish to appoint a proxy, attorney or corporate representative (if applicable) to attend (in person or online) and vote at the Scheme Meeting on your behalf. For more information, please see Section 3.6.</p>

Question	Answer
Scheme Meeting and voting considerations	
What choices do I have as a Pacific Smiles Shareholder?	<p>As a Pacific Smiles Shareholder, you have the following choices in relation to the Scheme:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme Resolution at the Scheme Meeting; • vote against the Scheme Resolution at the Scheme Meeting; • seek to sell all or some of your Pacific Smiles Shares on the ASX; or • do nothing. <p>For more information on your choices as a Pacific Smiles Shareholder, please see Section 4.4.</p>
What are the 'Requisite Majorities' for the Scheme?	<p>In order for the Scheme Resolution to be approved at the Scheme Meeting:</p> <ul style="list-style-type: none"> • unless the Court orders otherwise, the Scheme Resolution must be passed by a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or by a corporate representative); and • at least 75% of the total number of votes cast at the Scheme Meeting must be cast in favour of the Scheme Resolution.
Is voting compulsory?	<p>Voting is not compulsory. However, the Scheme can only proceed if approved by the Requisite Majorities at the Scheme Meeting (and then approved by the Court), so voting is important and the Pacific Smiles Directors strongly encourage you to vote.</p>
What happens if I do not vote or I do not vote in favour of the Scheme Resolution?	<p>You will be bound by the result of the vote whether or not you were present at the Scheme Meeting, whether or not you voted on the Scheme Resolution or whether or not you voted in favour of or against the Scheme Resolution.</p>
When will I know the voting result? (i.e. when will I know whether the Scheme Resolution was passed at the Scheme Meeting)?	<p>The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX once available. Announcements released on the ASX are accessible online at (www.asx.com.au).</p>

02 Frequently asked questions


Question	Answer
Other steps after the Scheme Meeting	
What happens after the Scheme Meeting?	If the Scheme is approved by the Requisite Majorities at the Scheme Meeting, Court approval of the Scheme will then need to be obtained. If the Scheme is not approved at the Scheme Meeting, it will likely not be implemented.
Are there any Conditions that must be satisfied or waived in order for the Scheme to be implemented?	Yes. The Conditions which remain outstanding as at the date of this Scheme Booklet are summarised in Section 9.1(a). As at the date of this Scheme Booklet, the Pacific Smiles Directors are not aware of any reason why the Conditions should not be satisfied or waived (as applicable).
What happens if these Conditions are not satisfied or the Scheme Implementation Deed is terminated?	<p>If the Conditions are not satisfied or waived (as applicable) or the Scheme Implementation Deed is terminated, then the Scheme will not be implemented and, as set out in Section 7.1(e):</p> <ul style="list-style-type: none"> • you will retain your Pacific Smiles Shares and they will not be acquired by NDC Bidco; • you will not be paid the Scheme Consideration; • you will not receive any Permitted Dividend (if declared); • Pacific Smiles will continue to operate as a standalone entity listed on the ASX; • if no Superior Proposal is received by the Pacific Smiles Board, then the price of Pacific Smiles Shares may fall; and • depending on the reasons why the Scheme is terminated, Pacific Smiles may be liable to pay the Break Fee to NDC Bidco (see Section 9.1(g)). <p>Additionally, Genesis Capital may remain on the Pacific Smiles register with its current holding of 19.9%. Genesis Capital may pursue a privatisation of Pacific Smiles or could alternatively creep above the 20% limit at such time permitted under law, or seek to sell down or transfer all or some of its Pacific Smiles Shares to one or more parties (including pursuant to the arrangements disclosed in its substantial holder notice lodged on 7 May 2024).</p>
What happens if the Scheme becomes Effective?	<p>If the Scheme becomes Effective and you remain a Pacific Smiles Shareholder as at the Scheme Record Date, all of your Pacific Smiles Shares will be transferred to NDC Bidco under the Scheme on the Implementation Date.</p> <p>If the Scheme becomes Effective then, on the Implementation Date, Pacific Smiles Shareholders will be paid the Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee that may accrue)²⁰ provided that they held their Pacific Smiles Shares on both the Permitted Dividend Record Date (7:00pm (AEST) on 8 August 2024) and the Scheme Record Date (7:00pm (AEST) on 12 August 2024).</p>
Can the Scheme be terminated?	The Scheme Implementation Deed may be terminated in certain circumstances, details of which are summarised in Section 9.1(h). If the Scheme Implementation Deed is terminated, the Scheme will not be implemented.

20. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

Question	Answer
Other	
What are NDC Bidco's intentions if the Scheme is implemented?	<p>As outlined in Section 6.5, if the Scheme is implemented, NDC Bidco currently intends to undertake a phased integration of Pacific Smiles into the business of NDC Group over time. Key objectives of the integration process will include:</p> <ul style="list-style-type: none"> • minimising disturbance to profitable centres across Pacific Smiles and NDC Group, ensuring seamless ongoing operational conditions and the ability for dentists to continue to focus on patient deliverables and outcomes; • the consolidation of senior management and other support functions across the enterprise; and • the sharing of best practice operational efficiencies. <p>Among other things, NDC Bidco also intends to, following implementation of the Scheme:</p> <ul style="list-style-type: none"> • have the quotation of Pacific Smiles Shares on the ASX be terminated and Pacific Smiles removed from the official list of the ASX on around the Business Day following the Implementation Date; and • replace Pacific Smiles' existing constitution with a constitution appropriate for a company limited by shares (and which is a subsidiary of NDC HoldCo). <p>For information on NDC Bidco's intentions regarding Pacific Smiles if the Scheme is implemented, please refer to Section 6.5 of this Scheme Booklet.</p>
How is NDC Bidco funding the Scheme Consideration?	<p>NDC Bidco will fund the Scheme Consideration by drawing on:</p> <ul style="list-style-type: none"> • a commitment letter from NDC Holdco under which NDC HoldCo has committed to provide sufficient funding (through equity subscription) to pay the Aggregate Scheme Consideration and associated costs and expenses (less amounts being provided by debt financiers pursuant to the Debt Facility); and • a commitment letter from NDC Finco 2 under which NDC Finco 2 has committed to provide (through debt or equity subscription) the amounts being provided by debt financiers pursuant to the Debt Facility for the purpose of funding the acquisition of the Scheme Shares. <p>NDC Holdco and NDC Finco 2 will fund their portion of the Scheme Consideration through a mix of debt and equity financing described below.</p> <p>NDC Holdco has entered into an Equity Commitment Letter under which each of the entities constituting the Fund have committed to pay NDC HoldCo (by subscribing to shares issued by NDC HoldCo) an aggregate amount in cash so as to provide all funding required for NDC Bidco to meet its obligation to fund the Scheme Consideration and associated costs and expenses (less amounts being provided by debt financiers). NDC Finco 2 has entered into binding documentation with Commonwealth Bank of Australia, Westpac Banking Corporation and Perpetual Corporate Trust Limited as custodian for the Metrics Credit Partners Diversified Australian Senior Loan Fund for a debt facility for the purpose of, among other things, funding the acquisition of Scheme Shares.</p> <p>Further detail regarding how NDC Bidco is funding the Scheme Consideration is contained in Section 6.4 of this Scheme Booklet.</p>

02 Frequently asked questions

Question	Answer
Other	
What can I do if I oppose the Scheme?	<p>If you, as a Pacific Smiles Shareholder, are opposed to the Scheme, you have the option to:</p> <ul style="list-style-type: none">• call the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) between 8:30am and 5:30pm (AEST) on Monday to Friday (excluding public holidays) and obtain further information;• attend the Scheme Meeting either in person or online, or by proxy (or by corporate representative, if applicable) and vote against the Scheme Resolution; and/or• if Pacific Smiles Shareholders pass the Scheme Resolution at the Scheme Meeting, appear and be heard at the Second Court Hearing to oppose the approval of the Scheme at that hearing (please see the “Important Notices” Section of this Scheme Booklet for further details under the heading “Notice of Second Court Hearing”).
Where can I obtain further information?	<p>If you have any questions about the Scheme or you would like additional copies of this Scheme Booklet, please contact the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) between 8:30am and 5:30pm (AEST) on Monday to Friday (excluding public holidays).</p> <p>For information about your individual financial or tax circumstances please consult your financial, legal, tax or other professional adviser.</p>



Pacific Smiles Dental



03

How to vote

03 How to vote

3.1 Who is entitled to vote at the Scheme Meeting?

If you are registered as a Pacific Smiles Shareholder on the Share Register at 7:00pm (AEST) on 30 July 2024, then you will be entitled to attend and vote at the Scheme Meeting. Voting is not compulsory.

3.2 Joint holders

In the case of Pacific Smiles Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Pacific Smiles Shareholder votes in respect of jointly held Pacific Smiles Shares, only the vote of the Pacific Smiles Shareholder whose name appears first in the Share Register will be counted.

3.3 Your vote is important

In order for the Scheme to be implemented, the Scheme Resolution must be approved by the Requisite Majorities of Pacific Smiles Shareholders at the Scheme Meeting. For this reason, the Pacific Smiles Directors unanimously recommend that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

The interests of Pacific Smiles' Managing Director and Chief Executive Officer, Mr Andrew Vidler, and the other Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution, including Mr Andrew Vidler's recommendation on the Scheme Resolution which appears throughout this Scheme Booklet.²¹

Pacific Smiles Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting are strongly encouraged to submit a directed proxy vote as early as possible and in any event by no later than 11:30am (AEST) on 30 July 2024. This can be done by completing and submitting a proxy form in accordance with the instructions on that form or by lodging a proxy form online at the Registry's website (<https://investor.automic.com.au/#/loginsah>) in accordance with the instructions given there.

3.4 Location and details of Scheme Meeting

The details of the Scheme Meeting are as follows:

- Location:** Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000
online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ
- Date:** 1 August 2024
- Time:** 11:30am (AEST)

3.5 Notice of Scheme Meeting

The Notice of Scheme Meeting is set out at Attachment A to this Scheme Booklet.

21. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

3.6 Voting in person, online, or by attorney or corporate representative

Pacific Smiles Shareholders entitled to vote at the Scheme Meeting may vote:

- (a) **in person**, by attending the Scheme Meeting held at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000;
- (b) **online**, by participating and voting online at https://us02web.zoom.us/webinar/register/W_N_as3PWCsxRgmuv7SchTU3bQ. To vote online, Pacific Smiles Shareholders will need their Security Reference Number (SRN) or Holder Identification Number (HIN) and the postcode for their shareholding;
- (c) **by proxy**, by lodging a proxy form in accordance with the instructions in Section 3.7;
- (d) **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf. An attorney may, but need not, be a Pacific Smiles Shareholder. An attorney may not vote at the Scheme Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are provided to the Registry by no later than 11:30am (AEST) on 30 July 2024. A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Pacific Smiles Shareholder's name, Security Reference Number (SRN) or Holder Identification Number (HIN) and the postcode for their shareholding in order to access the online platform; or
- (e) **by corporate representative**, if you are a body corporate, by appointing an individual as your corporate representative to attend and vote at the Scheme Meeting. A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Pacific Smiles Shareholder's name, the SRN/HIN of the shareholding and postcode or country of residence (if outside Australia) in order to access the online platform.

3.7 Voting by proxy

If you wish to appoint a proxy to attend (in person or online) and vote at the Scheme Meeting on your behalf, please complete and sign the personalised proxy form accompanying this Scheme Booklet in accordance with the instructions set out on the proxy form or lodge your proxy form online at the Registry's website (<https://investor.automic.com.au/#/loginsah>) in accordance with the instructions given there. You may complete the proxy form in favour of the Chairperson of the Scheme Meeting or appoint up to two proxies to attend and vote on your behalf at the Scheme Meeting.

TO BE VALID, PROXY FORMS FOR THE SCHEME MEETING MUST BE RECEIVED BY THE REGISTRY BY NO LATER THAN 11:30AM (AEST) ON 30 JULY 2024.

Proxy forms, duly completed in accordance with the instructions set out on the proxy form, may be returned to the Registry in one of the following ways:

- online at <https://investor.automic.com.au/#/loginsah> (to use this online facility, Pacific Smiles Shareholders will need their shareholder reference number (SRN) or holder identification number (HIN) and control number as shown on the front of the proxy form);
- by post in the reply-paid envelope provided to Pacific Smiles Group Limited C/- Automic Pty Ltd, GPO Box 5193, Sydney NSW 2001;
- by hand delivery during business hours (9:00am to 5:00pm (AEST), Monday to Friday (excluding public holidays)) to the Registry at Automic Pty Ltd, Level 5, 126 Phillip Street, Sydney NSW 2000;
- by email to the Registry at meetings@automicgroup.com.au; or
- by fax to the Registry +61 2 8583 3040 (both within and outside Australia).



04

Overview of the Scheme

04 Overview of the Scheme

4.1 Background on discussions with Genesis Capital, NDC and other parties

As announced on 18 December 2023, Pacific Smiles received an unsolicited non-binding indicative proposal for the acquisition of all of the Pacific Smiles Shares at an offer price of \$1.40 in cash per Pacific Smiles Share from Genesis Capital by way of a scheme of arrangement (being the Initial Genesis Capital Indicative Proposal).

Genesis Capital also advised Pacific Smiles on 18 December 2023 that it held an economic interest in 29,913,833 Pacific Smiles Shares pursuant to a cash settled total return swap, representing an 18.75% economic interest in the Pacific Smiles Shares on issue.

On 21 December 2023, Pacific Smiles announced that it had rejected the Initial Genesis Capital Indicative Proposal, considering it opportunistic and materially undervaluing Pacific Smiles. However, the Board was mindful that the Pacific Smiles Share price had been underperforming and a change of control transaction could have scope to maximise shareholder value on a risk adjusted basis, subject to the offer price that was received.

As a result, in order to determine if Genesis Capital was able to formulate a materially improved proposal, Pacific Smiles granted 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. In addition, after Pacific Smiles' financial adviser received a number of inbound calls expressing interest in a potential change of control transaction, the Board considered it prudent to test interest with a range of domestic and international strategic parties and financial sponsors, and undertook multiple management presentations with interested parties under non-disclosure agreements.

On 24 January 2024, Genesis Capital advised Pacific Smiles that it had increased the number of Pacific Smiles Shares the subject of its cash settled total return swap, such that it held an economic interest in 19.9% of the Pacific Smiles Shares on issue. Genesis Capital has since disclosed on 7 May 2024 that it closed this swap and purchased the underlying shares. On 18 June 2024, the Takeovers Panel made a declaration that the circumstances regarding this cash settled total return swap were unacceptable. It is not yet known what (if any) orders the Takeovers Panel will make in respect of this declaration, or whether there will be any application for review. Genesis Capital therefore currently has a Relevant Interest in 19.9% of the Pacific Smiles Shares on issue (and as at the Last Practicable Date, has not made any public statement as to how it proposes to vote those Pacific Smiles Shares on the Scheme Resolution).

On 19 March 2024, Pacific Smiles announced that it had received a revised non-binding indicative proposal from Genesis Capital for \$1.75 in cash per Pacific Smiles Share by way of a scheme of arrangement (being the Revised Genesis Capital Indicative Proposal). Other than the increase in pricing, the Revised Genesis Capital Indicative Proposal was on largely similar terms to the Initial Genesis Capital Indicative Proposal and subject to further due diligence.

The Board announced its intention to recommend (subject to entry into binding documentation) the Revised Genesis Capital Indicative Proposal, in the absence of a superior proposal and subject to an independent expert concluding that the Revised Genesis Capital Indicative Proposal was in the best interests of Pacific Smiles Shareholders. Pacific Smiles also granted Genesis Capital further access to non-exclusive due diligence, and agreed to reimburse Genesis Capital's costs in progressing that due diligence where (amongst other things) it enters into legally binding scheme implementation documentation to give effect to a competing proposal to the Revised Genesis Capital Indicative Proposal. Pacific Smiles has since paid Genesis Capital's reimbursable costs of \$500,000 following execution of the Scheme Implementation Deed.

In parallel, Pacific Smiles continued negotiations with, and the provision of non-exclusive due diligence access to, select parties with a view to maximising value for Pacific Smiles Shareholders. This included NDC who had submitted a non-binding indicative proposal to the Pacific Smiles Board at an equivalent cash offer price to the Revised Genesis Capital Indicative Proposal. A key condition of NDC's proposal was that it remained confidential.

04 Overview of the Scheme

Following extensive negotiation and a number of offer improvements from NDC, on 29 April 2024, Pacific Smiles announced that it had entered into the Scheme Implementation Deed with NDC Bidco for the acquisition of all Pacific Smiles Shares for \$1.90 each by way of a scheme of arrangement. After careful consideration and having received advice from its external legal and financial advisers, the Pacific Smiles Board determined the Scheme was a superior proposal to the Revised Genesis Capital Indicative Proposal, primarily on the basis of value.

The Scheme Implementation Deed originally included a condition precedent requiring FIRB approval in connection with the Scheme. However, after signing the Scheme Implementation Deed, certain proposed investors in NDC Bidco obtained the benefit of a FIRB exemption certificate with the effect that FIRB approval (which was initially a condition to the Scheme) is no longer required in connection with the Scheme, as announced on 13 May 2024. Accordingly, Pacific Smiles and NDC Bidco amended the Scheme Implementation Deed to reflect the fact that a FIRB condition precedent is no longer required.

In accordance with the terms of the Scheme, the parties have agreed to implement the Scheme between Pacific Smiles and the Scheme Shareholders. A full copy of the Scheme Implementation Deed (as amended) is attached to Pacific Smiles' ASX announcement released on 13 May 2024.

The Scheme is subject to customary conditions which are summarised in Section 9.1(a).

If all Conditions are satisfied or waived (as applicable), including the Scheme being approved by Pacific Smiles Shareholders at the Scheme Meeting by the Requisite Majorities and approved by the Court at the Second Court Hearing, NDC Bidco will acquire all of the Pacific Smiles Shares, and Pacific Smiles will become a wholly owned subsidiary of NDC Bidco and will be delisted from the ASX. If the Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented and Pacific Smiles will continue as a standalone entity listed on the ASX.

4.2 What is the Scheme?

The Scheme is a scheme of arrangement between Pacific Smiles and the Scheme Shareholders under which NDC Bidco would acquire all of the Pacific Smiles Shares in exchange for the Scheme Consideration. A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company.

The Scheme must be approved by the Requisite Majorities of Pacific Smiles Shareholders, being, unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or, in the case of corporate Pacific Smiles Shareholders, by a corporate representative) and at least 75% of the total number of votes cast on the Scheme Resolution. The Scheme must also be approved by the Court at the Second Court Hearing.

The Scheme will become binding on Pacific Smiles and Scheme Shareholders only if the Conditions set out in Section 9.1(a) are satisfied or waived (as applicable).

4.3 Pacific Smiles Directors' unanimous recommendation

The Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders. The Directors may withdraw or change their recommendation in circumstances where Pacific Smiles receives a Superior Proposal and Pacific Smiles has complied with the matching right obligation summarised in Section 9.1(f), or the Independent Expert withdraws or adversely changes its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

In making this recommendation, the Directors have considered the advantages and disadvantages of the Scheme, including the information set out in:

- Section 1 (Key considerations relevant to your vote);
- Section 7.1(e) (Risks if the Scheme does not become Effective);
- Section 7.2 (Specific risks associated with Pacific Smiles' business); and
- Attachment B (Independent Expert's Report) to this Scheme Booklet.

The interests of Pacific Smiles' Managing Director and Chief Executive Officer, Mr Andrew Vidler, and the other Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution, including Mr Andrew Vidler's recommendation on the Scheme Resolution which appears throughout this Scheme Booklet.²²

In considering whether to vote in favour of the Scheme Resolution, the Pacific Smiles Directors encourage you to:

- carefully read this Scheme Booklet (including the Independent Expert's Report);
- consider the choices available to you as outlined in Section 4.4;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- obtain legal advice from your lawyer on the Scheme and the implications of the Scheme becoming Effective;
- obtain financial advice from your broker or financial adviser on the Scheme; and
- obtain tax advice on the implications of the Scheme becoming Effective, including the treatment of any Permitted Dividend paid.

4.4 Your choices as a Pacific Smiles Shareholder

As a Pacific Smiles Shareholder, you have the following four options in relation to your Pacific Smiles Shares:

(a) Vote in favour of the Scheme Resolution at the Scheme Meeting

The Pacific Smiles Directors unanimously recommend that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders. The reasons for the Directors' unanimous recommendation are set out in Section 1.2.

The interests of Pacific Smiles' Managing Director and Chief Executive Officer, Mr Andrew Vidler, and the other Pacific Smiles Directors are disclosed in Section 5.11 of this Scheme Booklet. Pacific Smiles Shareholders should have regard to these interests when considering how to vote on the Scheme Resolution, including Mr Andrew Vidler's recommendation on the Scheme Resolution which appears throughout this Scheme Booklet.²³

Further, the Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Pacific Smiles Shareholders in the absence of a superior proposal.

22. Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Pacific Smiles Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)). The Pacific Smiles Board (excluding Mr Vidler) considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

23. See footnote 22 above.

04 Overview of the Scheme

(b) Vote against the Scheme Resolution at the Scheme Meeting

If, despite the Pacific Smiles Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may choose to vote against the Scheme Resolution.

However, if the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting and by the Court at the Second Court Hearing and the Scheme is implemented, your Pacific Smiles Shares will be transferred to NDC Bidco and you will be paid the Scheme Consideration for each Pacific Smiles Share you hold on the Scheme Record Date, whether or not you attended the Scheme Meeting, whether or not you voted, or whether you voted for or against the Scheme Resolution.

(c) Seek to sell some or all of your Pacific Smiles Shares on the ASX

You can sell your Pacific Smiles Shares on the ASX at any time before the cessation of trading of Pacific Smiles Shares on the ASX. If you sell your Pacific Smiles Shares on the ASX, you may incur brokerage fees or other costs. If the Scheme becomes Effective, trading in Pacific Smiles Shares on the ASX is expected to cease at the close of trading on the ASX on the day on which the Scheme becomes Effective.

(d) Do nothing

If, despite the Pacific Smiles Directors' unanimous recommendation and the conclusion of the Independent Expert, you decide to do nothing, you should note that if all of the Conditions to the Scheme are satisfied or waived (as applicable), the Scheme will bind all Scheme Shareholders whether or not they voted or voted for or against the Scheme Resolution.

Your vote is important. If the Scheme Resolution is not approved by the Requisite Majorities at the Scheme Meeting, the Scheme will not be implemented and you will not be entitled to be paid the Total Cash Value.

4.5 Scheme Consideration

(a) Overview of Scheme Consideration

The terms of the proposed Scheme provide that Scheme Shareholders will be paid from NDC Bidco the Scheme Consideration of \$1.90 per Pacific Smiles Share held on the Scheme Record Date, less the cash amount of any Permitted Dividend paid and plus any Ticking Fee which may accrue.²⁴

The Scheme Implementation Deed permits the Pacific Smiles Board to declare and pay one or more dividends with a maximum aggregate amount of \$0.12 per Pacific Smiles Share. It remains at the discretion of the Board whether any Permitted Dividend is ultimately declared and paid. However, it is currently intended that the Board will declare a fully franked Permitted Dividend up to such cash amount to be determined based on Pacific Smiles' profits and equity reserves at the time of declaring any Permitted Dividend. Any such Permitted Dividend will be subject to the Scheme becoming Effective, and will be paid on or prior to the Implementation Date.

If the Scheme becomes Effective and any Permitted Dividend is declared, Pacific Smiles Shareholders will be paid the Total Cash Value of \$1.90 per Pacific Smiles Share (which does not include any Ticking Fee which may accrue) they hold, comprising:

- the Scheme Consideration, to be paid by NDC Bidco, which is \$1.90 for each Pacific Smiles Share they hold on the Scheme Record Date, less the cash amount of any Permitted Dividend paid by Pacific Smiles on or before the Implementation Date; and
- the Permitted Dividend, to be paid by Pacific Smiles, for each Pacific Smiles Share they hold on the Permitted Dividend Record Date.

Additionally, if there is a Relevant Restraint in effect on 28 September 2024, a ticking fee will start to accrue where the Scheme Consideration payable by NDC Bidco will increase by \$0.01 per Pacific Smiles Share, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th day of each calendar month thereafter while any Relevant Restraint remains in effect (**Ticking Fee**).

24. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

A '**Relevant Restraint**' means any permanent or temporary restraining order, permanent or temporary injunction or other final or preliminary decision, order, decree or ruling issued by any court of competent jurisdiction against NDC Bidco or Crescent Capital, or issued by any Government Agency in Australia against NDC Bidco, or any written undertaking, assurance, commitment or similar document provided by NDC Bidco where requested or required by a Government Agency in Australia, which in each case restrains or prohibits implementation of the Scheme.

(b) Funding of the Scheme Consideration

Details on how NDC Bidco intends to fund the Scheme Consideration are set out in Section 6.4.

(c) Eligibility to be paid the Scheme Consideration

It is important to note that you will only be paid the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold Pacific Smiles Shares at the Scheme Record Date (which is currently expected to be 7:00pm (AEST) on 12 August 2024).

(d) Funding of any Permitted Dividend

Any Permitted Dividend will be funded by Pacific Smiles' existing cash on hand and existing undrawn debt facilities.

(e) Eligibility to receive any Permitted Dividend

It is important to note that you will only receive any Permitted Dividend (if declared) if you hold Pacific Smiles Shares at the Permitted Dividend Record Date. The Permitted Dividend Record Date is currently expected to be 7:00pm (AEST) on 8 August 2024. Further, a Permitted Dividend will not be paid if the Scheme does not become Effective.

4.6 Key steps to implement the Scheme

(a) Deed Poll

On 21 June 2024, NDC Bidco executed the Deed Poll, pursuant to which NDC Bidco undertakes, subject to the Scheme becoming Effective, to pay, or procure payment of, the Scheme Consideration in accordance with the terms of the Scheme. A copy of the Deed Poll is set out in Attachment D to this Scheme Booklet.

(b) Scheme Meeting

In accordance with an order of the Court made on 25 June 2024, a meeting of Pacific Smiles Shareholders will be held at 11:30am (AEST) on 1 August 2024 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ for the purposes of considering and, if thought fit, approving the Scheme Resolution. The Notice of Scheme Meeting, which sets out the Scheme Resolution, is provided in Attachment A to this Scheme Booklet.

Each Pacific Smiles Shareholder who is registered on the Share Register at 7:00pm (AEST) on 30 July 2024 is entitled to attend and vote at the Scheme Meeting.

Instructions on how to attend and vote at the Scheme Meeting in person or online, or to appoint a proxy, attorney or corporate representative to attend and vote on your behalf, are set out in Section 3.

At the Scheme Meeting, the Scheme Resolution will be considered and must be approved by the Requisite Majorities, being:

- unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or, in the case of corporate Pacific Smiles Shareholders, by a corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution.

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(c) Second Court Hearing

After the Scheme Meeting, Pacific Smiles will apply to the Court for orders approving the Scheme, if:

- the Scheme Resolution is approved by the Requisite Majorities of Pacific Smiles Shareholders; and
- all Conditions (other than the Condition relating to Court approval) have been satisfied or waived (as applicable).

The Second Court Hearing is expected to take place at 3:00pm (AEST) on 2 August 2024. Any Pacific Smiles Shareholder has a right to appear at the Second Court Hearing.

(d) Effective Date

If, at the Second Court Hearing, the Court makes an order approving the Scheme under section 411(4)(b) of the Corporations Act, Pacific Smiles will lodge with ASIC an office copy of the Court orders approving the Scheme under section 411(10) of the Corporations Act. It is anticipated that the Court orders will be lodged with ASIC the Business Day after the Second Court Hearing. Once such Court orders are lodged with ASIC, the Scheme will become "Effective". This means that the Scheme will be binding on Pacific Smiles and each Pacific Smiles Shareholder, and NDC Bidco will be bound to pay the Aggregate Scheme Consideration in accordance with the Deed Poll.

On the Effective Date, Pacific Smiles will notify the ASX that the Scheme has become Effective. Trading in Pacific Smiles Shares on the ASX will be suspended from the close of trading on the Effective Date (which is expected to be 5 August 2024).

(e) Permitted Dividend Record Date – Determining who is entitled to any Permitted Dividend

Those eligible Pacific Smiles Shareholders on the Share Register on the Permitted Dividend Record Date (currently anticipated to be 7:00pm (AEST) on 8 August 2024) will be entitled to receive any Permitted Dividend declared by the Pacific Smiles Board in respect of the Pacific Smiles Shares they hold on that date.

To determine each Pacific Smiles Shareholder's entitlements to any Permitted Dividend, dealings in Pacific Smiles Shares will only be recognised if:

- in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Share Register as a cum-dividend holder of the relevant Pacific Smiles Shares at or before the Permitted Dividend Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at or before the Permitted Dividend Record Date at the place where the Share Register is kept (in which case, Pacific Smiles must register such transfers or transmission applications at or before the Permitted Dividend Record Date).

(f) Scheme Record Date – Determining who is a Scheme Shareholder and entitled to Scheme Consideration

Those Pacific Smiles Shareholders on the Share Register on the Scheme Record Date (currently anticipated to be 7:00pm (AEST) on 12 August 2024), will be entitled to be paid the Scheme Consideration in respect of the Pacific Smiles Shares they hold on that date. Further information on the payment of the Scheme Consideration is provided in Section 4.5.

To determine each Pacific Smiles Shareholder's entitlements to the Scheme Consideration, dealings in Pacific Smiles Shares will only be recognised if:

- in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Share Register as a holder of the relevant Pacific Smiles Shares at or before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at or before the Scheme Record Date at the place where the Share Register is kept (in which case, Pacific Smiles must register such transfers or transmission applications at or before the Scheme Record Date).

Pacific Smiles will not accept for registration or recognise (other than the transfer to NDC Bidco pursuant to the Scheme) any transfer or transmission applications regarding Pacific Smiles Shares that are received after the Scheme Record Date, or that are received on or before the Scheme Record Date but are not in a registrable or actionable form.

(g) Scheme Shareholders appoint Pacific Smiles as attorney

Under the Scheme, each Scheme Shareholder irrevocably appoints Pacific Smiles and each of the Pacific Smiles Directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purposes of:

- enforcing the Deed Poll against NDC Bidco; and
- executing any document or doing or taking any other act necessary, desirable or expedient to give effect to the Scheme and the transactions contemplated by it.

This includes executing a proper instrument of transfer in respect of a Scheme Shareholders' Scheme Shares.

(h) Scheme Shareholder warranties

Under the Scheme, each Scheme Shareholder is taken to have warranted to NDC Bidco, and appointed, authorised and directed Pacific Smiles as its attorney and agent to warrant to NDC Bidco the following matters on the Implementation Date:

- all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under the Scheme will, at the time of transfer to NDC Bidco, be free from all:
 - mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and
 - restrictions on transfer of any kind;
- they have full power and capacity to sell and to transfer their Scheme Shares to NDC Bidco under the Scheme together with any rights attaching to those Scheme Shares;
- all of their Scheme Shares which are transferred to NDC Bidco under the Scheme will, on the date of transfer, be fully paid; and
- they have no existing right to be issued any other Scheme Shares, any other form of Pacific Smiles Shares, options or performance rights exercisable into Pacific Smiles Shares, Pacific Smiles convertible notes or any other Pacific Smiles securities.

(i) Payment of Aggregate Scheme Consideration

The following steps will occur in relation to the payment of the Aggregate Scheme Consideration by NDC Bidco:

- before 12 noon on the Business Day immediately before the Implementation Date, NDC Bidco must pay the Aggregate Scheme Consideration in cleared funds into a trust account operated by or on behalf of Pacific Smiles for the benefit of the Scheme Shareholders; and
- subject to payment of the Aggregate Scheme Consideration by NDC Bidco as referred to above, on the Implementation Date, Pacific Smiles will pay each Scheme Shareholder the Scheme Consideration to which they are entitled by one of the following methods:
 - if you have made a valid election to receive dividend payments by electronic funds transfer prior to the Scheme Record Date, by making a payment in AUD to your nominated bank account detailed in the Share Register as at the Scheme Record Date;
 - if you have provided an appropriate authority for the payment of the Scheme Consideration into a bank account, by making a payment in AUD to that nominated bank account; or
 - sending a cheque in AUD by post to your address shown in the Share Register as at the Scheme Record Date.

04 Overview of the Scheme

Any Permitted Dividend (if declared) will be paid in the same currency and in the same way that you have elected to receive distributions from Pacific Smiles. Pacific Smiles Shareholders are encouraged to elect to receive their Scheme Consideration and Permitted Dividend entitlements via electronic funds transfer and to receive confirmation of that payment by email.

If you have not previously notified the Registry of your nominated bank account or you would like to change your existing nominated bank account, you should contact the Registry on 1300 288 644 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 7:00pm on Monday to Friday (excluding public holidays) before the Scheme Record Date for instructions as to how to notify the Registry of these details.

If a Scheme Shareholder has not nominated a bank account and their whereabouts are unknown as at the Record Date, or if a cheque is returned to Pacific Smiles or not presented for payment within 6 months after the date on which it was sent, that Scheme Shareholder's Scheme Consideration will be paid into a separate bank account and held by Pacific Smiles until claimed or applied under laws dealing with unclaimed money. If you wish to confirm your current address details with the Registry, you may do so using the contact details above.

(j) Implementation Date

If the Scheme becomes Effective and a Permitted Dividend has been declared, Scheme Shareholders will receive the Permitted Dividend (in respect of Pacific Smiles Shares they held on the Permitted Dividend Record Date) and the Scheme Consideration in respect of their Scheme Shares on the Implementation Date (currently anticipated to be 19 August 2024).

Immediately after the Scheme Consideration is paid to Scheme Shareholders, all Scheme Shares will be transferred to NDC Bidco.

(k) Delisting of Pacific Smiles

Following the Effective Date, Pacific Smiles will apply for termination of the official quotation of Pacific Smiles Shares on the ASX and for Pacific Smiles to be removed from the official list of the ASX by the close of trading on the Business Day immediately following the Implementation Date (currently anticipated to be 19 August 2024).



05

**Information about
Pacific Smiles**

05 Information about Pacific Smiles

5.1 Introduction

The information contained in this Section 5 has been prepared by Pacific Smiles. The information concerning Pacific Smiles, and the intentions, views and opinions contained in this Section 5 is the responsibility of Pacific Smiles. Additional information is included in the Independent Expert's Report in Attachment B to this Scheme Booklet.

5.2 Overview of Pacific Smiles

(a) Overview of business operations

Pacific Smiles is a leading Australian branded dental group, currently operating 136 dental centres containing more than 540 active dental chairs. These dental centres include 11 nib branded centres which are owned and operated by Pacific Smiles, and 8 HBF dental centres which are operated by Pacific Smiles.

Pacific Smiles provides dentists with fully serviced and equipped facilities including support staff, materials, marketing and administrative services. Pacific Smiles is largely engaged by dentists under its standard services and facilities agreements (**SFAs**), pursuant to which the dentists are charged service fees for the provision of these fully serviced dental facilities. Pacific Smiles' revenue consists mostly of these service fees, however there are also revenues derived through direct patient fees incurred through dental services provided by dentists engaged or employed by Pacific Smiles.

As at 31 December 2023, Pacific Smiles was engaged by more than 760 dentists, assisted by more than 1,600 support staff and attended to approximately 1,000,000 patient appointments in the preceding 12 months.

(b) History

FY	# dental centres (including HBF dental centres)	Commentary
FY03	3	<ul style="list-style-type: none">The Pacific Smiles business was founded by dentists, including Dr Alexander Abrahams, Dr Alison Hughes and Dr Genna Levitch, as a privately owned dental network
FY05	5	<ul style="list-style-type: none">Commencement of the nib relationship with operational agreements secured over Newcastle and Sydney centres
FY07 – FY11	14	<ul style="list-style-type: none">Pacific Smiles entered Victoria and Queensland markets via organic growth and acquisitions
FY12	31	<ul style="list-style-type: none">Pacific Smiles entered the ACT market; andPacific Smiles began its current 15-year agreement with nib
FY15	49	<ul style="list-style-type: none">Pacific Smiles listed on the ASX with market capitalisation of ~\$200m
FY20	94	<ul style="list-style-type: none">First COVID-19 pandemic related lockdowns commenced
FY21	111	<ul style="list-style-type: none">Pacific Smiles entered into 10-year Management Services Agreement with HBF; andPacific Smiles executed capital raising to fund growth opportunities

FY	# dental centres (including HBF dental centres)	Commentary
FY23	138	<ul style="list-style-type: none"> Pacific Smiles received a notice under section 249D of the Corporations Act from Dr Alexander Abrahams to convene an extraordinary general meeting seeking to remove the Pacific Smiles Directors in office at that time. This was ultimately unsuccessful apart from one Director being voted out.
FY24	136	<ul style="list-style-type: none"> Pacific Smiles entered into Scheme Implementation Deed with NDC Bidco

5.3 Pacific Smiles' key business model

Pacific Smiles is a highly experienced greenfield developer and operator of dental centres. The model and framework has been built and refined over a long period of time, positioning Pacific Smiles uniquely in the Australian dental industry.

Pacific Smiles' growth model is focused on organic new centre rollout, predominately in shopping centres, rather than acquisitions. This allows Pacific Smiles to steadily and strategically expand its geographic footprint and provide the benefits of the Pacific Smiles service model to an increasing number of Australia's dentists and patients.

The key elements of Pacific Smiles' business model are as follows.

(a) Location and Community/Convenience Proposition

Pacific Smiles seeks to open new dental centres within locations within the following framework:

- targeting regions which it considers have strong demand for dental services, underpinned by high health insurance participation rates;
- localised regions and centre clusters create scale and efficiency opportunities, with the ability to grow market share in communities where convenience and proximity to dental centres drive patient choice of dentist; and
- shopping centre model builds brand awareness, and convenience to families who are often high frequency visitors of the precinct, including by offering early morning and evening appointments, with appointments available 7 days per week in select centres.

(b) Standardisation

Pacific Smiles seeks to provide a unique, but similar experience in dental centre layout, brand, culture, people and systems across its dental centres, which it considers delivers the following advantages:

- common Patient Management System and a single patient record across every Pacific Smiles operated dental centre makes it easy for patients to book appointments with their dentist at any location;
- harmonised culture and values across all centres, creating unified focus enabling standardised and comparable key performance indicators to be measured; and
- standard operating procedures across the entire operating ecosystem are rolled out consistently:
 - making it easier for dentists to practice across multiple centres;
 - creating high quality patient care;
 - providing purchasing power and buying efficiencies; and
 - reducing wastage and inefficiencies.

05 Information about Pacific Smiles

(c) Ease of mobility for staff and dentists

In a number of its geographic locations, Pacific Smiles shares resources between dental centres in a “cluster”, which allows for increased efficiency, more streamlined labour management and greater practitioner and patient satisfaction.

(d) Partnerships with private health insurers

Pacific Smiles has key contracts in place with a number of private health insurers, including:

- HBF with respect of the 8 HBF branded dental centres operated by Pacific Smiles;
- nib with respect of the exclusive ‘no gap’ preventative dental care for nib members in 11 nib branded dental centres owned and operated by Pacific Smiles;
- exclusive ahm no-gap preventative provider on the eastern seaboard; and
- a number of other partnerships and umbrella Preferred Provider Agreements with other private health insurers.

Pacific Smiles’ agreement with nib is due to expire in May 2027, however as announced on 19 June 2024, the parties have (with NDC’s consent under the terms of the Scheme Implementation Deed) entered into a non-binding memorandum of understanding, pursuant to which they agree to vary the commercial terms of the existing agreement.

The proposed changes contemplate the provision of the preventative gap-free dental offering for nib members to 117 Pacific Smiles branded dental centres from 1 July 2024 on an exclusive basis in the geographies which those centres operate, albeit only for two years. At the end of this two-year period, the Pacific Smiles branded dental centres will form part of a broader nib ‘First Choice Network’ of dental providers on a non-exclusive basis. Further details regarding the proposed changes are set out in Pacific Smiles’ announcement dated 19 June 2024.

The proposed changes are subject to final terms being agreed and binding documentation being executed, and there is no guarantee that a binding agreement will be entered into on the proposed terms or at all. If any such binding documentation is executed prior to the Scheme Meeting, Pacific Smiles will update Pacific Smiles Shareholders and the market accordingly.

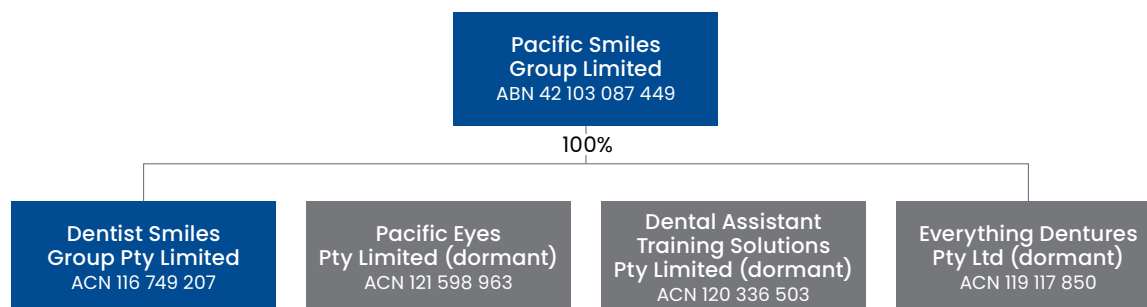
(e) Growth Focus

Pacific Smiles has identified multiple opportunities to drive growth by:

- building new centres;
- adding capacity to existing centres (more chairs);
- uplifting utilisation through increased patient attendance via retention of existing patients and acquisition of new patients; and
- upskilling dentists who engage Pacific Smiles to enable them to provide more complex services.

5.4 Pacific Smiles' structure

A corporate structure diagram of Pacific Smiles and the wholly owned and/or controlled entities comprising the Pacific Smiles Group is set out below.



5.5 Pacific Smiles Board and senior management

(a) Pacific Smiles Board

As at the date of this Scheme Booklet, the Pacific Smiles Board comprises:

Name	Position
Mr Andrew Vidler	Managing Director and Chief Executive Officer
Ms Zita Peach	Non-Executive Chairperson
Mr Mark Bloom	Non-Executive Director
Mr Scott Kalniz	Non-Executive Director
Ms Jodie Leonard	Non-Executive Director
Mr Steven Rubic	Non-Executive Director
Ms Giselle Collins	Non-Executive Director

(b) Senior management

As at the date of this Scheme Booklet, the senior management team of Pacific Smiles comprises:

Name	Position ²⁵
Mr Andrew Vidler	Managing Director and Chief Executive Officer
Mr Matthew Cordingley	Chief Financial Officer
Mr Paul Robertson	Chief Commercial Officer
Mr Troy McGowan	Executive General Manager – Clinical Excellence
Ms Louise Hayes	Executive General Manager – People & Culture

25. Ciara Rocks resigned as Chief Operating Officer, with effect from 20 June 2024. Following Ciara's departure, the remaining members of senior management are performing certain additional Chief Operating Officer duties on an interim basis.

05 Information about Pacific Smiles

5.6 Pacific Smiles securities and capital structure

(a) Pacific Smiles securities on issue

As at the Last Practicable Date, the capital structure of Pacific Smiles comprises the following securities.

Type of security	Number on issue
Pacific Smiles Shares	159,581,938
Pacific Smiles Performance Rights	2,900,966

(b) Pacific Smiles substantial shareholders

Based on the information disclosed in substantial holding notices as at the Last Practicable Date, the following persons were substantial holders with a Voting Power of 5% or more of the Pacific Smiles Shares on issue (on an undiluted basis).

Name of Pacific Smiles Shareholder	Number of Pacific Smiles Shares (as at date of notice)	Voting Power (undiluted basis as at date of notice)
Beam Investments Co Pty Ltd; Genesis Capital Ultimate GP Pty Ltd; Genesis Capital Ultimate GP Pty Ltd as general partner of Genesis Capital Management Partnership I, LP (ILP 1900016), the general partner of Genesis Capital Fund I, LP (ILP 2100002); GFT 2 Co Pty Ltd as trustee for GFT 2 Trust; Genesis Capital Manager I Pty Ltd; Lucolifia Pty Ltd as trustee for the Lucolifia Family Trust; Plum Willow Pty as trustee for The Plum Willow Family Trust	31,750,000	19.90%
MA Financial Group Limited	20,917,737	13.11%
Dr Alexander J Abrahams	20,831,005	13.05%
HBF Health Limited	16,000,000	10.03%
Ms Alison J Hughes	15,860,190	9.94%

(c) 20 largest Pacific Smiles Shareholders

The 20 largest Pacific Smiles Shareholders as at the Last Practicable Date are noted in the table below.

Name of Pacific Smiles Shareholder	Number of Pacific Smiles Shares	Percentage of Pacific Smiles Shares on issue (undiluted basis)
HSBC Custody Nominees (Australia) Limited	39,211,732	24.57%
Beam Investments Co Pty Ltd	31,750,000	19.90%
Alison Jane Hughes	15,797,850	9.90%
Dr Alexander John Abrahams	12,450,000	7.80%
J P Morgan Nominees Australia Pty Limited	11,661,877	7.31%
Citicorp Nominees Pty Limited	7,692,651	4.82%
Just Paddling Pty Ltd <Rosebrook Super Fund A/C>	3,454,646	2.16%
Mrs Susan Louise Abrahams	2,500,000	1.57%
BNP Paribas Noms Pty Ltd	2,322,702	1.46%
Lodka Pty Ltd <Lodka Pension A/C>	2,191,285	1.37%
Channings Holdings Pty Ltd <The Khan Holdings A/C>	2,090,150	1.31%
Karen Wright	2,022,000	1.27%
HSBC Custody Nominees (Australia) Limited – A/C 2	1,953,274	1.22%
Sudemo Pty Ltd <The Rutherford Family A/C>	1,744,863	1.09%
Inglenook Super Pty Ltd <Cameron Family S/F A/C>	1,458,480	0.91%
Mr Trevor Collins & Mrs Dianne Elizabeth Collins <The Trevor Collins Fam A/C>	1,128,480	0.71%
Palm Beach Nominees Pty Limited	769,598	0.48%
Dr David Roessler	766,200	0.48%
Newtown Dyers & Bleachers Pty Ltd	631,040	0.40%
Mr Christopher Fergusson <Fergusson Holding A/C>	583,986	0.37%

5.7 Recent operational, financial and share price performance

The Pacific Smiles Share price experienced significant pressure, falling from a high of \$3.08 on 24 November 2021, to trading between \$0.90 and \$1.20 in the month prior to the announcement of the Initial Genesis Capital Indicative Proposal.

The Board believes the Pacific Smiles Share price, prior to the receipt of the Initial Genesis Capital Indicative Proposal, was significantly negatively impacted by several factors, including:

- a concentrated share register, with the top 5 holders, prior to the Initial Genesis Capital Indicative Proposal holding ~51%; and the top 20 shareholders holding ~80%, of shares on issue respectively;
- low trading liquidity, with a median daily trading volume of ~23,000 shares, equivalent to ~0.014% of shares on issue (over the 12 months prior to the Initial Genesis Capital Indicative Proposal);
- differing shareholder views on Pacific Smiles' strategy and perceived risk of potential shareholder actions as a result (as evidenced by the extraordinary general meeting that was held in December 2022);
- other risk factors including the potential treatment of its SFAs relating to the impost of payroll tax; and
- the delayed ramp-up in performance of the 40 new centres opened during the pandemic between FY20 and FY23.

05 Information about Pacific Smiles

Since receipt of the Initial Genesis Capital Indicative Proposal, the Board and management have continued to focus on the business in parallel to facilitating due diligence with multiple parties. Despite inflation and interest rates increasingly impacting the dental industry, total business performance has improved compared to FY23.

Even with the improvement in business performance as a whole and Pacific Smiles pausing new clinic rollouts, the FY20 to FY23 cohort of centres are still not universally growing at the planned ramp profiles. This is due to several reasons, including changed patient behaviour due to the impact of increased cost of living pressures, which have disproportionately impacted some new centre locations. There has also been difficulty in attracting and retaining practitioners at a number of these centres, predominately in non-metropolitan geographies.

The near-to-medium term outlook for Pacific Smiles will also be impacted by the observable weakening macroeconomic environment, which may depress overall demand for dental services. This is in addition to cost increases relating to wages, leases, marketing, cybersecurity and technology, primarily due to higher inflation and business scaling costs. Pacific Smiles has very limited ability to pass on higher costs given prices which are charged to patients for the majority of treatments are independently set by dentists, based on their agreements with health funds.

Notwithstanding, the Board remains optimistic around the medium and long-term prospects for Pacific Smiles. This view is supported by the strength of Pacific Smiles' balance sheet and cashflow generation, which provides flexibility to deliver shareholder value through a mix of growth and potential capital management initiatives.

Accounting for the above factors, the Pacific Smiles Board considers that the certain cash offered by the Scheme is expected to provide a risk-weighted return to Pacific Smiles Shareholders above the expected return associated with Pacific Smiles remaining listed on the ASX. This recommendation has regard to the risks in executing its strategy within a reasonable medium-term timeframe, taking into account the current operating and financial performance, and other recent macro-economic impacts.

5.8 Financial information

This Section 5.8 contains audited financial information relating to Pacific Smiles for the financial years ended 30 June 2022 and 30 June 2023 and reviewed financial information for the half-years ended 31 December 2022 and 31 December 2023.

The financial information in this Section 5.8 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

Further detail about Pacific Smiles' financial performance can be found in the audited financial reports of Pacific Smiles for the financial years ended 30 June 2022 and 30 June 2023 and the reviewed interim reports for the financial half-years ended 31 December 2022 and 31 December 2023, copies of which can be obtained, free of charge, from the ASX's website (www.asx.com.au), Pacific Smiles' website (<https://investors.pacificsmilesgroup.com.au/Investors/>) or by calling the Pacific Smiles Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) any time between 8:30am and 5:30pm (AEST) on Monday to Friday (excluding public holidays).

(a) Basis of preparation

The historical financial information of Pacific Smiles presented in this Scheme Booklet is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Pacific Smiles considers that, for the purposes of this Scheme Booklet, the historical financial information is in a form sufficient to inform Pacific Smiles Shareholders of the recent past financial performance of Pacific Smiles and is available in full in Pacific Smiles' annual financial reports, available on its website. The historical financial information of Pacific Smiles has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(b) Consolidated Statement of Profit or Loss

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2022 and 30 June 2023 and the financial half-years ended 31 December 2022 and 31 December 2023.

Financial years ended 30 June 2022 and 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Revenue	165,319	139,497
Other Income	2,502	1,293
Expenses		
Employee expenses – direct	(617)	(1,313)
Other direct expenses	(8,333)	(5,305)
Consumable supplies expenses	(13,172)	(12,321)
Employee expenses	(80,095)	(72,812)
Occupancy expenses	(3,940)	(3,798)
Marketing expenses	(3,553)	(3,427)
Administration and other expenses	(19,653)	(18,176)
Depreciation and amortisation expense	(30,192)	(26,324)
Net finance costs	(4,343)	(3,821)
Profit/(loss) before income tax (expense)/benefit	3,923	(6,537)
Income tax (expense)/benefit	(1,502)	2,006
Profit/(loss) after income tax (expense)/benefit for the year	2,421	(4,531)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income/(loss) for the year	2,421	(4,531)

05 Information about Pacific Smiles

Half years ended 31 December 2022 and 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue	90,002	81,605
Other Income	526	1,035
Expenses		
Employee expenses – direct	(482)	(391)
Other direct expenses	(5,259)	(3,374)
Consumable supplies expenses	(6,928)	(6,658)
Employee expenses	(40,603)	(41,238)
Occupancy expenses	(2,318)	(2,134)
Marketing expenses	(2,479)	(2,056)
Administration and other expenses	(9,562)	(9,923)
Depreciation and amortisation expense	(15,311)	(14,442)
Net finance costs	(1,978)	(2,146)
Profit/(loss) before income tax (expense)/benefit	5,608	278
Income tax (expense)/benefit	(1,201)	(56)
Profit/(loss) after income tax (expense)/benefit for the year	4,407	222
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income/(loss) for the year	4,407	222

(c) Consolidated Statement of Financial Position

The following table presents the historical consolidated statement of financial position as at 30 June 2022, 30 June 2023 and as at 31 December 2022 and 31 December 2023.

Financial years ended 30 June 2022 and 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Assets		
Current assets		
Cash and cash equivalents	18,573	11,805
Receivables	2,946	3,478
Inventories	6,200	5,795
Income tax refund receivable	–	2,378
Other	1,637	928
Total current assets	29,356	24,384
Non-current assets		
Receivables	516	477
Property, plant and equipment	62,032	68,866
Right-of-use assets	71,455	71,021
Intangibles	14,579	13,463
Deferred tax	10,170	12,416
Total non-current assets	158,752	166,243
Total assets	188,108	190,627
Liabilities		
Current liabilities		
Payables	19,276	17,521
Lease liabilities	13,750	12,865
Income tax payable	1,442	–
Provisions	4,773	5,061
Total current liabilities	39,241	35,447
Non-current liabilities		
Borrowings	9,000	18,500
Lease liabilities	70,246	74,510
Provisions	8,354	3,657
Total non-current liabilities	87,600	96,667
Total liabilities	126,841	132,114
Net assets	61,267	58,513
Equity		
Contributed equity	52,104	51,917
Reserves	15,492	15,346
Retained profits/(accumulated losses)	(6,329)	(8,750)
Total equity	61,267	58,513

05 Information about Pacific Smiles

Half years ended 31 December 2022 and 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Assets		
Current assets		
Cash and cash equivalents	17,315	13,467
Receivables	3,311	2,718
Inventories	6,187	6,130
Income tax refund receivable	–	5,768
Other	2,799	2,088
Total current assets	29,612	30,171
Non-current assets		
Receivables	411	406
Property, plant and equipment	56,123	66,544
Right-of-use assets	67,865	74,191
Intangibles	13,920	14,950
Deferred tax	12,140	8,969
Total non-current assets	150,459	165,060
Total assets	180,071	195,231
Liabilities		
Current liabilities		
Payables	18,720	18,302
Lease liabilities	14,350	13,413
Income tax payable	3,352	–
Provisions	4,754	5,016
Total current liabilities	41,176	36,731
Non-current liabilities		
Borrowings	4,000	18,500
Lease liabilities	66,969	72,686
Provisions	7,708	8,406
Total non-current liabilities	78,677	99,592
Total liabilities	119,853	136,323
Net assets	60,218	58,908
Equity		
Contributed equity	52,104	51,917
Reserves	10,036	15,519
Retained profits/(accumulated losses)	(1,922)	(8,528)
Total equity	60,218	58,908

(d) Consolidated Statement of Cash Flows

The following table presents the historical consolidated statement of cash flows for the financial year ended 30 June 2022, 30 June 2023 and the financial half-years ended 31 December 2022 and 31 December 2023.

Financial years ended 30 June 2022 and 30 June 2023

	2023 \$'000	2022 \$'000
Cash flows from operating activities		
Receipts from customers	169,476	138,372
Payments to suppliers and employees	(129,010)	(112,643)
	40,466	25,729
Interest received	218	29
Interest and finance costs paid	(4,561)	(3,850)
Income taxes refunded	5,768	–
Income taxes paid	(1,017)	(4,011)
Net cash from operating activities	40,874	17,897
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(11,071)	(23,380)
Proceeds from disposal of property, plant and equipment	15	623
Lease payments received from finance leases	509	625
Net cash used in investing activities	(10,547)	(22,132)
Cash flows from financing activities		
Dividends paid	(558)	–
(Repayment)/proceeds of borrowings	(9,500)	17,500
Repayment of lease liabilities	(13,501)	(12,407)
Net cash (used in)/from financing activities	(23,559)	5,093
Net increase in cash and cash equivalents	6,768	858
Cash and cash equivalents at the beginning of the financial year	11,805	10,947
Cash and cash equivalents at the end of the financial year	18,573	11,805

05 Information about Pacific Smiles

Half years ended 31 December 2022 and 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities		
Receipts from customers	90,248	84,021
Payments to suppliers and employees	(71,192)	(67,087)
	19,056	16,934
Interest received	250	47
Interest and finance costs paid	(1,664)	(1,628)
Income taxes refunded	(392)	(565)
Income taxes paid	(1,261)	–
Net cash from operating activities	15,989	14,788
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(1,798)	(7,053)
Proceeds from disposal of property, plant and equipment	30	45
Lease payments received from finance leases	212	466
Net cash used in investing activities	(1,556)	(6,542)
Cash flows from financing activities		
Dividends paid	(3,623)	–
(Repayment)/proceeds of borrowings	(5,000)	–
Repayment of lease liabilities	(7,068)	(6,584)
Net cash (used in)/from financing activities	(15,691)	(6,584)
Net increase in cash and cash equivalents	(1,258)	1,662
Cash and cash equivalents at the beginning of the financial year	18,573	11,805
Cash and cash equivalents at the end of the financial year	17,315	13,467

(e) Material changes in Pacific Smiles' financial position

As disclosed in Pacific Smiles' interim financial report, \$4,000,000 remained drawn under Pacific Smiles' debt facility and unpaid as at 31 December 2023. This has since been repaid.

Other than the repayment of \$4,000,000 in borrowings, to the knowledge of the Pacific Smiles Directors, the financial position of Pacific Smiles has not materially changed since 31 December 2023, being the date on which Pacific Smiles' latest interim financial report was released to ASX.

Copies of Pacific Smiles' reviewed interim report for the financial half-year ended 31 December 2023 and its audited annual reports for the financial years ended 30 June 2022 and 30 June 2023 can be obtained on ASX.

5.9 Pacific Smiles Directors' intentions

The Corporations Regulations require a statement by the Pacific Smiles Directors of their intentions regarding Pacific Smiles' business.

(a) Intentions if the Scheme is implemented

If the Scheme is implemented, NDC Bidco has stated that it intends to replace the Pacific Smiles Board with NDC Bidco nominees. As at the date of the Scheme Booklet, those persons have not been determined but are likely to be drawn from the current directors and leadership team of the NDC Group. It is for the reconstituted Pacific Smiles Board to determine its intentions as to the continuation of Pacific Smiles' business, any major changes to be made to the business or the future employment of the current Pacific Smiles employees. NDC Bidco's intentions if the Scheme is implemented are set out in Section 6.5 of this Scheme Booklet.

(b) Intentions if the Scheme is not implemented

If the Scheme is not implemented, the Pacific Smiles Directors intend to continue to operate the business of Pacific Smiles in the ordinary course, and the risks associated with remaining a Pacific Smiles Shareholder as noted in Section 7.2 below may apply.

5.10 Publicly available information on Pacific Smiles

As an ASX listed company and a "disclosing entity" under the Corporations Act, Pacific Smiles is subject to regular reporting and disclosure obligations. Among other things, these obligations require Pacific Smiles to announce price sensitive information to the ASX as soon as Pacific Smiles becomes aware of the information, subject to some exceptions.

Pursuant to the Corporations Act, Pacific Smiles is required to prepare and lodge with ASIC and the ASX both annual and half-year financial statements accompanied by a statement and report from the Pacific Smiles Directors and an audit or review report respectively.

Copies of the documents filed with the ASX may be obtained from the ASX's website (www.asx.com.au) and Pacific Smiles' website (<https://investors.pacificsmilesgroup.com.au/investors/>). Copies of the documents lodged with ASIC in relation to Pacific Smiles may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at <http://connectonline.asic.gov.au>.

5.11 Interests of Pacific Smiles Directors

(a) Interests of Pacific Smiles Directors in Pacific Smiles securities

Pacific Smiles Director	Relevant Interest in Pacific Smiles Shares	Relevant Interest in Pacific Smiles Performance Rights	Interest in Pacific Smiles Shares (on an undiluted basis)
Mr Andrew Vidler	43,032 ²⁶	Nil	0.03%
Ms Zita Peach	135,000 ²⁷	Nil	0.08%
Mr Mark Bloom	277,952 ²⁸	Nil	0.17%
Mr Scott Kalniz	10,000 ²⁹	Nil	0.01%
Ms Jodie Leonard	38,500 ³⁰	Nil	0.02%
Mr Steven Rubic	120,000	Nil	0.08%
Ms Giselle Collins	10,000 ³¹	Nil	0.01%

26. Relevant interest in Pacific Smiles Shares held by Ms Caren Vidler (the spouse of Mr Andrew Vidler).

27. Relevant interest in Pacific Smiles Shares held by Ms Zita Peach and Mr James Peach <J Peach Super Fund A/C>.

28. Relevant interest in Pacific Smiles Shares held by Fambloom Pty Ltd as director.

29. Relevant interest in Pacific Smiles Shares held by Julie Kalniz ATF Julie L Kalniz Trust.

30. Relevant interest in Pacific Smiles Shares held by Tranquillity Rose ATF J Leonard Super Fund as beneficiary.

31. Relevant interest in Pacific Smiles Shares held by Mr Luke Ashley Collins and Mrs Giselle Marie Collins.

05 Information about Pacific Smiles

No Pacific Smiles Director acquired or disposed of a Relevant Interest in any Pacific Smiles Shares in the four-month period ending on the Last Practicable Date.

No Pacific Smiles Director has any other interest, whether as a director, member or creditor of Pacific Smiles or otherwise, which is material to the Scheme, other than in their capacity as a holder of Pacific Smiles Shares or Pacific Smiles Cash Rights.

Each Pacific Smiles Director intends to vote, or cause to be voted, all Pacific Smiles Shares in which they have a Relevant Interest or which they control in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

5.12 Other benefits and agreements

(a) Interests of Pacific Smiles Directors in NDC Bidco

No director of Pacific Smiles has a Relevant Interest in NDC Bidco, or an interest in any contract or agreement entered into by NDC Bidco.

(b) Special exertion payments to Pacific Smiles Directors

The constitution of Pacific Smiles permits Pacific Smiles Directors to be paid special remuneration where they are called on to perform extra services or make any special exertions in connection with the affairs of Pacific Smiles.

In February 2024, the Pacific Smiles Board approved the payment of additional remuneration to each of the non-executive Directors for the period from 1 January 2024 to 30 June 2024 to recognise the significant additional time and services outside the scope of their ordinary duties provided in connection with the Scheme and earlier potential control transaction proposals. The Board considered that the performance of these additional services was necessary to facilitate the provision by Pacific Smiles of due diligence and negotiations with third parties regarding a potential control transaction, and additional meetings and time and resources required to be committed by the non-executive Directors as part of implementing the Scheme.

The special exertion fees from 1 January 2024 to 30 June 2024 comprise:

- a fee to the Chairperson of Pacific Smiles' control transaction response committee of \$3,333.33 per month; and
- a fee of \$2,000 per month for all other non-executive Directors.

In recognition of the ongoing significant additional workload for non-executive Directors, on 21 May 2024, the Pacific Smiles Board approved the continuation of the additional remuneration payment to non-executive Directors. These fees will continue to be paid until such time that the Scheme is implemented or where the Scheme Resolution is not passed by the Requisite Majorities.

These special exertion fees are not conditional on the Scheme becoming Effective. After undertaking external benchmarking and seeking input from an external remuneration consultant, the Board considers these fees to be consistent with market norms and fair and reasonable given the significant additional workload of the non-executive Directors. Additionally, the Board does not consider that the receipt by non-executive Directors of such additional remuneration affects the interests of these Directors in the outcome of the Scheme.

(c) Treatment of Cash Rights held by Mr Andrew Vidler

Mr Andrew Vidler holds Cash Rights which entitle him to be paid up to \$225,600 in cash subject to the long term performance hurdles being met and those Cash Rights vesting. Following the exercise of the Board's (excluding Mr Vidler) discretion, subject to the Scheme becoming Effective, a portion of Mr Vidler's Cash Rights will vest and he will be entitled to be paid up to \$225,600 upon their vesting (further details are set out in Section 9.2(d)).

(d) Agreements or arrangements connected with or conditional on the Scheme

Other than the matters described in Section 5.11 and this Section 5.12, there are no agreements or arrangements made between any Pacific Smiles Director and any other person, including NDC Bidco, in connection with, or conditional on the outcome of, the Scheme.

(e) Deeds of access, indemnity and insurance

Pacific Smiles pays premiums in respect of its directors and officers insurance policy for the benefit of Pacific Smiles Directors and officers. Pacific Smiles has also entered into deeds of access, indemnity and insurance with each Pacific Smiles Director on customary terms. As contemplated by clause 6.11 of the Scheme Implementation Deed, Pacific Smiles will put in place run-off insurance for a period of 7 years from the Implementation Date for the benefit of current and former Pacific Smiles Directors.

Additionally, under clause 6.10 of the Scheme Implementation Deed:

- NDC Bidco undertakes that it will procure that Pacific Smiles and each of its subsidiaries complies with any such deeds entered into by them in favour of their respective directors and officers from time to time, including to ensure that the directors and officers run-off insurance or equivalent cover is obtained; and
- for a period of 7 years from the Implementation Date, NDC Bidco undertakes that it will ensure that the constitutions of Pacific Smiles and each of its subsidiaries continue to contain rules which are no less favourable overall than the rules contained in those constitutions at the date of the Scheme Implementation Deed that provide for each company to indemnify each of its current and previous directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Pacific Smiles Group.

(f) Benefits in connection with retirement from office

Additionally, there are no payments or other benefits that are proposed to be made or given to any Pacific Smiles Director or officer (or any of their respective related bodies corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Pacific Smiles (or any of its related bodies corporate) in connection with, or that is materially affected by implementation of, the Scheme.

5.13 Litigation

At the date of this Scheme Booklet, to the best of the knowledge of the Pacific Smiles Directors and Pacific Smiles' senior management, Pacific Smiles is not involved in any litigation or dispute which is material in the context of the Pacific Smiles Group taken as a whole that is not otherwise disclosed in this Scheme Booklet.



06

Information
about NDC

06 Information about NDC

6.1 Introduction

The information in this Section 6 of the Scheme Booklet has been prepared by NDC Bidco and forms part of the NDC Information. The information concerning NDC Bidco and the intentions, views and opinions contained in this Section 6 are the responsibility of NDC Bidco. Pacific Smiles and Pacific Smiles' directors and officers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Overview of NDC

(a) Overview of NDC Group

As at the date of this Scheme Booklet, NDC Bidco is a wholly owned subsidiary of NDC FinCo 2 Pty Ltd ACN 676 853 268, which in turn is a wholly owned subsidiary of NDC FinCo Pty Ltd ACN 654 149 818, which is wholly owned by NDC HoldCo, as illustrated in the diagram below.



NDC Bidco

NDC Bidco is a special purpose company that was incorporated on 26 April 2024 for the purpose of acquiring all of the Scheme Shares under the Scheme. NDC Bidco is an Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme). All of the shares in NDC Bidco are owned by NDC FinCo 2. If the Scheme becomes Effective, NDC Bidco will hold all of the Scheme Shares on or shortly after the Implementation Date.

NDC FinCo 2

NDC FinCo 2 is a special purpose company that was incorporated on 26 April 2024 for the purpose of acquiring all of the shares in NDC Bidco. NDC FinCo 2 is an Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme). All of the shares in NDC FinCo 2 are owned by NDC FinCo Pty Ltd (**NDC FinCo**).

06 Information about NDC

(b) Overview of the NDC Group

National Dental Care (**NDC**) is a corporate dental group with a network of branded practices located across Australia. NDC operates 88 practices across New South Wales, Queensland, Victoria, South Australia, Western Australia and the Northern Territory. NDC estimates that its centres account for around 2% of the revenue in the dental services market.

Across its network, NDC has close to 400 commissioned dental chairs, with around 480 dentists and 125 oral health therapists and hygienists. NDC currently operates two primary brands: National Dental Care (across all states and territories apart from Western Australia) and DB Dental (in Western Australia). The dental services provided across the company's practices include general, preventative, diagnostic, restorative, specialist and cosmetic services.

NDC was established in FY13 with a goal of building a corporatised dental business. NDC has achieved network expansion through a disciplined acquisition-led approach, with a focus on acquiring high quality practices with excellent clinical standards. NDC has deep experience acquiring and integrating new practices into its network.

At the core of NDC's corporate business model is patient care, which is delivered at the practice level via clinical standards excellence, investment in technology and advanced equipment, as well as training and clinical support. Practices are supported by an integrated ERP system and digital marketing solutions, as well as support office functions that are all scalable.

NDC has a Clinical Advisory Committee which oversees the clinical strategy and direction of the company. This committee, which reports to the NDC board, is chaired by Dr Antony Benedetto (a company board member) and includes senior practicing clinician representation from all the states in which NDC operates.

A pillar of the business' strategy has been an ongoing investment in advanced digital dentistry to improve its service offering to patients and clinicians. Key equipment investments include close to 40 CEREC units, 75 digital scanners and 80 OPGs or CBCTs. CERECs, for example, are an in-practice computer-aided system which combines 3D imaging, Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) programs to create lifelike dental restorations at much higher speeds and precision. CERECs allow a dental crown to be completed within a single dental appointment, representing a simpler, faster and improved clinical service for patients.

NDC's practice network currently has preferred provider arrangements in place with most key private health insurers and over time has expanded to include smaller health funds for strategic locations.

NDC is a portfolio company managed by Crescent Capital Partners Management Pty Ltd.

(c) Overview of Crescent Capital Partners

Crescent Capital Partners (**Crescent**) is a leading Australian Private Equity firm, founded in 2001.

Since its inception, Crescent has raised 7 funds and over \$3.0 billion. Over this time, it has made more than 42 platform investments and more than 200 follow-on investments. Crescent Capital Partners VII (the **Fund**), Crescent's current investment vehicle, is a \$1 billion fund raised in 2022 and is providing the equity contribution into NDC to support the Scheme Consideration.

Crescent has been one of the most active private equity investors in healthcare in Australia and New Zealand. Relevant investments made by funds advised by Crescent include Australian Clinical Labs (Australia's third largest pathology operator), PRP Diagnostic Imaging (advanced diagnostics provider), Nucleus Networks (leading Phase 1 clinical trial provider) and My Health (network of 82+ GP clinics).

6.3 NDC's directors and leadership team

(a) NDC Bidco and NDC Finco 2's directors

As at the date of this Scheme Booklet, the directors of NDC Bidco and NDC FinCo 2 are Nathaniel Thomson and Patrick Schmidt.

(b) NDC Holdco's directors

As at the date of this Scheme Booklet, the directors of NDC HoldCo are Michael Lukin, Gordon Towell, Nathaniel Thomson, Craig Stevens, Hrishikesh Goradia and Antony Benedetto.

(c) NDC Group's leadership team

NDC Group's leadership team is comprised of: Craig Stevens (Chief Executive Officer), Mark Fisher (Chief Financial Officer), Derek Shearer (Chief Operating Officer), Antony Benedetto (Chair of NDC's Clinical Advisory Committee), Chloe Harding (Chief Marketing Officer), Aaron Trott (Chief Human Resources Officer), Dan Drummond (Head of Information Technology), Nikki Cox (National Operations Manager) and Katie Jackson (Chief of Staff).

6.4 Funding of the Scheme Consideration

The Scheme Consideration is 100% cash.

Based on the number of Pacific Smiles Shares on issue as at the date of this Scheme Booklet and the Pacific Smiles Board's intended exercise of discretion regarding the Pacific Smiles Incentives as set out in Section 9.2(d), the maximum amount of Aggregate Scheme Consideration that NDC Bidco may be required to pay to Scheme Shareholders under the Scheme (including any Ticking Fee which may accrue³² prior to the End Date and the maximum number of Pacific Smiles Incentives which are expected to vest in connection with the Scheme as set out in Section 9.2(d) but assuming that no Permitted Dividend is paid) is \$317.7 million.

The Scheme Implementation Deed is not subject to a financing condition.

NDC Bidco intends to fund the Scheme Consideration from funds received from:

- NDC HoldCo (being its ultimate holding company) drawn down under a legally binding commitment letter from NDC HoldCo (which will source its funding from the Fund); and
- NDC Finco 2 (being its direct holding company) drawn down under a legally binding funding commitment letter from NDC Finco 2 (which will source its funding from the Debt Facility subject to meeting conditions precedent to drawdown).

Each of the funding sources is described below.

The amounts available under these commitment letters are in aggregate sufficient to fund the Aggregate Scheme Consideration, including any Pacific Smiles Incentives which may vest in connection with the Scheme as set out in Section 9.2(d), and associated costs and expenses.

The obligations of the funding parties under the commitment letters are subject to the Scheme becoming Effective but are otherwise unconditional. They terminate upon the earlier of: (a) the time of implementation of the Scheme; (b) termination of the Scheme Implementation Deed in accordance with its terms; and (c) NDC Bidco receiving the funding in full of the Equity Commitment/Debt Facilities Amount (as applicable).

Funding of NDC Bidco

NDC Bidco has a legally binding equity commitment letter from NDC Holdco (**Equity Commitment Letter**) under which NDC Holdco commits to, following receipt of equity funding sourced from the Fund, procure the contribution of all funding required for NDC Bidco to meet its obligation to fund the Scheme Consideration and associated costs and expenses (less the Debt Facilities Amount (defined below)) (the **Equity Commitment**) to NDC Bidco (including via any intermediate holding company of NDC Bidco). The amount available under the Equity Commitment Letter is in excess of \$148m.

NDC Bidco has a legally binding funding commitment letter from NDC Finco 2 (**Funding Commitment Letter**) under which NDC Finco 2 commits to procure the contribution of the Debt Facilities Amount (defined below) to NDC Bidco, by way of making loans to or subscribing for shares to be issued by NDC Bidco.

32. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

06 Information about NDC

Funding of NDC HoldCo

NDC HoldCo has a legally binding equity commitment letter from the Fund under which each of the entities constituting the Fund commits to pay to NDC HoldCo in cash, by way of subscribing for shares to be issued by NDC HoldCo, an aggregate amount equal to the Equity Commitment. The Fund entities have capital commitments from investors that exceed the amount of the Equity Commitment which are available to be called to fund the Scheme Consideration.

Funding of NDC Finco 2 – Debt Facility

NDC Bidco, among others, has entered into an amendment deed which amends the NDC Group's existing syndicated facility agreement (the syndicated facility agreement as amended by the amendment deed, the **Amended Facility Agreement**).

Pursuant to the terms of the Amended Facility Agreement, Commonwealth Bank of Australia, Westpac Banking Corporation and Perpetual Corporate Trust Limited as custodian for the Metrics Credit Partners Diversified Australian Senior Loan Fund have agreed to provide, among other facilities, a bullet term loan facility (the **Debt Facility**) which is made available to NDC Finco 2 (being the direct holding company of NDC Bidco) for the purpose of funding (among other things) the Scheme Consideration, the refinancing of certain existing financial indebtedness of the Pacific Smiles Group and the payment of any transaction costs in connection with the Scheme. The amount available under the Debt Facility to fund the Scheme Consideration and transaction costs is \$170 million (**Debt Facilities Amount**).

As part of its lending arrangements, NDC will initially procure the transfer of a majority of Pacific Smiles clinics to another NDC entity that is within the NDC Group's financing security net.

The drawdown of the Debt Facility is subject to satisfaction of certain conditions precedent usual for debt facilities of this nature and include (among other things):

- evidence that the NDC Group is, or will on drawdown of the Debt Facility, be capitalised by way of minimum equity contribution in excess of the minimum agreed amount and evidence that the amount of such equity contribution together with the amount drawn under the Debt Facility will be sufficient to implement the Scheme (including payment of related transaction costs);
- implementation of the Scheme will, subject to payment of the Scheme Consideration, occur in accordance with the Scheme Implementation Deed;
- all material authorisations required to implement the Scheme have been obtained (which will include the Pacific Smile Shareholders and the Court approving the Scheme) and all conditions precedent to completion under the Scheme Implementation Deed have been, or will on first drawdown of the Debt Facility, satisfied or waived by the lenders;
- there has been no amendment to or termination of the Scheme Implementation Deed unless such amendment or waiver would not reasonably be expected to be materially adverse to the interests of the lenders;
- evidence that following the Scheme Implementation Date, the only financial indebtedness of NDC Bidco, NDC Finco 2 and certain members of the Pacific Smiles Group will be permitted financial indebtedness;
- evidence that following the Scheme Implementation Date, the only security interests of NDC Bidco, NDC Finco 2 and certain members of the Pacific Smiles Group will be permitted securities; and
- evidence that all fees and expenses which are then due and payable under the finance documents have been paid or will be paid using the proceeds of the first drawing of the Debt Facility.

As at the date of this Scheme Booklet, NDC Bidco is not aware of any reason why the conditions precedent to drawing of the Debt Facility (other than certain conditions which are intended to be satisfied concurrently with the first drawdown of the Debt Facility on the date of, or prior to, the Scheme Implementation Date) will not be satisfied, and is confident that they will be satisfied in time to allow the proceeds of the Debt Facility to be available to pay the Scheme Consideration as and when it is due under the terms of the Scheme.

If all of the conditions precedent to drawing of the Debt Facility are satisfied, then, subject to the provisions set out in the paragraph below, the lenders must provide the funds under the Debt Facility.

The availability of the Debt Facility is subject to:

- no change of control with respect to the NDC Group having occurred as at 6:00am on the Second Court Date;
- the correctness of certain representations and warranties with respect to NDC Bidco and NDC Finco 2 (which are customary for debt facilities of this nature);
- that certain events of default with respect to NDC Bidco and NDC Finco 2 are not subsisting or would result from the drawing being provided (which are customary for debt facilities of this nature); and
- it not being unlawful for the lenders to provide its share of the drawing of the Debt Facility.

As at the date of this Scheme Booklet, NDC Bidco is not aware of any breach of representation and warranty, event of default or change of control, or any circumstances that would lead to a breach of representation and warranty, event of default or change of control which would give rise to a right to a lender to terminate the Debt Facility.

As at the date of this Scheme Booklet, NDC Bidco is not aware of any reason why the Debt Facility will not be available to be drawn down for the purpose of funding the Scheme Consideration.

6.5 NDC Bidco's intentions if the Scheme is implemented

If the Scheme is implemented, NDC Bidco will become the holder of all Scheme Shares, and accordingly Pacific Smiles will become a wholly owned subsidiary of NDC Bidco.

This Section sets out NDC Bidco's current intentions with respect to Pacific Smiles if the Scheme is implemented in relation to:

- the continuation of the business of Pacific Smiles;
- any major changes to be made to the business of Pacific Smiles, including any redeployment of the fixed assets of Pacific Smiles; and
- the future employment of the present employees of Pacific Smiles.

The intentions of NDC Bidco are the same as the intentions of NDC FinCo, NDC FinCo 2 and NDC HoldCo.

The intentions and statements of future conduct set out in this Section 6.5 must be read as being subject to the law (including the Corporations Act) as well as the legal obligations of Pacific Smiles Directors at the time.

These intentions are based on facts and information concerning Pacific Smiles made available by Pacific Smiles to NDC Bidco and the general business environment known to NDC Bidco at the time of preparation of this Scheme Booklet. NDC Bidco does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, tax and financial implications of its current intentions. Other than the internal transfers referenced in Section 6.4, final decisions in relation to these matters will only be reached after NDC Bidco has had an opportunity to undertake a detailed review of Pacific Smiles' business following implementation of the Scheme. Accordingly, the intentions described below are statements of current intention only and may change as new information becomes available or as circumstances change.

06 Information about NDC

(a) Business continuity and operations

If the Scheme is implemented, NDC Bidco currently intends to undertake a phased integration of the Pacific Smiles centres into the business of NDC Group. Key objectives of the integration will include:

- minimising disturbance to patients across Pacific Smiles and NDC Group and ensuring dentists can continue to focus on and deliver high quality patient outcomes;
- the consolidation of senior management and corporate and support functions and identification of other synergies; and
- the sharing of best practice operational efficiencies.

NDC Bidco recognises Pacific Smiles' market position as well as its brand. Therefore, NDC Bidco's current intention is to preserve the legacy of the Pacific Smiles brand and continue to operate the existing Pacific Smiles centres under the Pacific Smiles brand. NDC also operates in Western Australia under the DB Dental Brand. The current intention is that if the Scheme is implemented, NDC would retain Pacific Smiles as a third brand and continue to operate Pacific Smiles centres under this brand.

Following implementation of the Scheme, NDC Bidco will undertake a review of Pacific Smiles, its centres and operations to determine how best to operate and further develop and grow the enlarged NDC Group. NDC Bidco has identified a cohort of centres that are loss-making or marginal within the broader Pacific Smiles portfolio, most of which are emerging centres still in the process of ramping-up. The review will include undertaking a detailed assessment of how to enhance the performance these centres. NDC Bidco's current intention is that it will create new management roles with responsibility for overseeing the implementation of operational improvement initiatives at these centres and supporting their continued ramp-up. Subject to the findings of the review, it is possible that in addition to operational improvement initiatives, NDC Bidco may over time also seek to merge some of these Pacific Smiles centres with nearby NDC Group practices, cease to renew the leases of those centres, or seek to sell those centres to a third party. Any decisions regarding these matters will be made following NDC Bidco's detailed review.

NDC recognises the strong partnership that Pacific Smiles has developed with HBF in Western Australia to build and run dental centres. NDC's intention is to work collaboratively with HBF to continue to strengthen this partnership and support HBF to achieve its aspirations for the performance and presence of HBF dental centres in Western Australia.

Similarly, Pacific Smiles has had a long-term and highly successful partnership with nib. NDC will continue to support the provision of high quality dental services to nib members under this ongoing partnership.

(b) Board of directors

NDC Bidco currently intends to replace the Pacific Smiles Board with NDC nominees, as contemplated by clause 6.9 of the Scheme Implementation Deed. As at the date of this Scheme Booklet, the persons who will be appointed to the Pacific Smiles board after the Implementation Date have not been determined but are likely to be drawn from the current directors and leadership team of the NDC Group and include Craig Stevens, Mark Fisher and Dereck Shearer.

(c) Employees and Head Office

As described above, NDC Bidco intends to integrate Pacific Smiles' operations with the NDC Group over time, as part of the phased process. As part of NDC Bidco's review of Pacific Smiles' and its business, NDC Bidco will review the entire organisational structure to ensure the enlarged NDC Group has the relevant mix and level of employees and skills that is appropriate for an unlisted entity to enhance the business going forward and to enable the business to pursue appropriate growth opportunities. This will include avoiding workforce duplication across the enlarged NDC Group which is expected to be largely focused on consolidation of corporate/head office functions across the enterprise, including senior management and other support functions. NDC Bidco will work to identify and implement operational synergies. Where roles are made redundant and there are no other suitable roles for redeployment of affected staff, affected staff will receive payments and other benefits to which they are entitled under the employment contracts and law.

The success of each Pacific Smiles dental centre is driven by the people working at that centre. NDC Bidco considers that a well-trained and motivated clinical workforce is critical to maintaining the high standards of the business. NDC Bidco does not anticipate any material changes to Pacific Smiles' current clinical workforce, except potentially in the case of loss making or marginal profit clinics. In the event NDC's review determines to merge or close any centres over time, the intention of NDC Bidco is to try and find alternative nearby sites that suit the clinicians within the network.

(d) Delisting

If the Scheme is implemented, it is intended that quotation of the Pacific Smiles Shares on the ASX will be terminated and Pacific Smiles will be removed from the official list of the ASX on or around the day following the Implementation Date. NDC Bidco is subsequently likely to convert Pacific Smiles to a proprietary company limited by shares.

(e) Constitution

Consistent with its intention to convert Pacific Smiles into a proprietary company limited by shares, NDC Bidco intends to replace Pacific Smiles' existing constitution with a constitution appropriate for a wholly owned subsidiary company limited by shares following implementation of the Scheme.

(f) Intentions generally

Subject to the outcome of the operation review referred to above, at a dental centre level, NDC Bidco presently anticipates that dentists and dental nurses will continue to serve patients and provide services, largely in the same manner as they presently do. The current intention of NDC Bidco is not to change the existing remuneration scheme for dentists and to continue to focus on patient care and maintaining relationships with existing healthcare funds.

6.6 NDC Bidco's interests and dealings in Pacific Smiles Shares

(a) Interests in Pacific Smiles Shares

As at the date of this Scheme Booklet, neither NDC Bidco nor any other member of the NDC Group has any interest in Pacific Smiles Shares.

(b) Dealings in Pacific Smiles Shares in the previous four months

During the period of 4 months before the date of this Scheme Booklet, neither NDC Bidco, any other member of the NDC Group nor any of their Associates have provided or agreed to provide consideration for any Pacific Smiles Shares under a purchase or agreement except for the Scheme Consideration which NDC Bidco has agreed to provide under the Scheme (as reflected in the Scheme Implementation Deed and Deed Poll).

(c) Benefits given in the previous four months

Neither NDC Bidco, any other member of the NDC Group nor any of their Associates have given or offered to give or agreed to give a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- vote in favour of the Scheme Resolution; or
- dispose of Pacific Smiles Shares,

during the period of four months ending on the date of this Scheme Booklet and which was not offered to all other Pacific Smiles Shareholders.

06 Information about NDC

(d) Benefits to current Pacific Smiles Directors

NDC Bidco will not be making any payment or giving any benefit to any current Pacific Smiles Director as compensation or consideration for, or otherwise in connection with, their resignation from the Pacific Smiles Board, if the Scheme becomes Effective and, other than as required under the relevant person's employment or services contract with Pacific Smiles and the terms of the Scheme and the Scheme Implementation Deed.

6.7 No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information regarding NDC or NDC Bidco that is material to the making of a decision by Pacific Smiles Shareholders in relation to the Scheme that is within the knowledge of the directors of NDC Bidco, at the date of this Scheme Booklet, which has not previously been disclosed to Pacific Smiles Shareholders.

Pacific Smiles Dental



07

Risk factors

07 Risk factors

The Pacific Smiles Board considers that it is appropriate for Pacific Smiles Shareholders, in considering the Scheme, to be aware there are a number of risks which could materially and adversely affect the future operations, financial performance and value of Pacific Smiles.

This Section 7 outlines:

- general risk factors;
- specific risk factors associated with your investment in Pacific Smiles;
- unknown risks; and
- some of the risks which may arise if the Scheme is not implemented.

This Section 7 is a summary only and does not purport to list every risk that may be associated with an investment in Pacific Smiles now or in the future.

If the Scheme is implemented, you will cease to be a Pacific Smiles Shareholder and will no longer be exposed to the risks set out below (other than the risks noted in Section 7.1(b) below). If the Scheme is not implemented, you will continue to hold your Pacific Smiles Shares and continue to be exposed to the risks associated with that investment set out below (among others).

You should carefully consider the risks discussed in this Section 7, as well as the other information contained in this Scheme Booklet, before voting on the Scheme Resolution. This Section 7 is general in nature only and does not take into account your individual objectives, financial situation, tax position or particular needs.

7.1 Risks specific to the Scheme

(a) Scheme may not proceed or may be delayed

Implementation of the Scheme is subject to a number of Conditions, including Court approval, which are summarised in Section 9.1(a) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed.

There is a risk that Court approval of the Scheme may not be obtained, either at all or in the form proposed, or Court approval may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take this change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

Additionally, the Conditions include there being no Material Adverse Change occurring, being announced or being disclosed to, discovered by or otherwise becoming known to NDC Bidco between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date. There is a risk that a Material Adverse Change occurs, including where any payroll tax determination is received (see further discussion of this risk in Section 7.2(d) below) and that determination has a material adverse impact on Pacific Smiles' EBITDA to the extent it constitutes a Material Adverse Change.

If the Conditions are not satisfied or waived (as applicable) by the End Date, the Scheme Implementation Deed may be terminated, which will mean the Scheme will not be implemented. These termination rights are summarised in Section 9.1(h) of this Scheme Booklet.

A failure to satisfy any of the Conditions, or a delay in satisfying the Conditions and implementing the Scheme, may adversely affect the trading price of Pacific Smiles Shares.

(b) Risks if the Scheme is implemented

If the Scheme is implemented, you will no longer be a Pacific Smiles Shareholder and will forgo any future benefits that may result from being a Pacific Smiles Shareholder. In particular, if the Scheme is implemented, you will not be able to participate in the future financial and share price performance of Pacific Smiles, retain any exposure to Pacific Smiles' business or assets, or have the opportunity to share in any value that could be generated by Pacific Smiles in the future. However, there is no guarantee as to Pacific Smiles' future performance, or its future share price and financial performance, as is the case with all investments. Pacific Smiles Shareholders may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Pacific Smiles, or may incur transaction costs in undertaking any new investment.

(c) Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to Section 8 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Pacific Smiles Shareholders should seek independent professional taxation advice in this regard.

(d) Transaction and other costs

Costs of approximately \$8.1 million (excluding GST and disbursements) are expected to be paid by Pacific Smiles in connection with the Scheme, some of which will be paid irrespective of whether the Scheme becomes Effective (or is implemented). These costs include advisers fees for Pacific Smiles' financial, legal, accounting and tax advisers, the Independent Expert's and Share Registry's fees, general administrative fees, Scheme Booklet design, printing and distribution costs, and expenses associated with convening and holding the Scheme Meeting.

Of this, approximately \$2.9 million (excluding GST and disbursements) will be incurred regardless of whether or not the Scheme is implemented, excluding any Break Fee that may be payable to NDC Bidco or Pacific Smiles' reimbursement of Genesis Capital's costs.

(e) Risks if the Scheme does not become Effective

If the Scheme does not become Effective:

- Scheme Shareholders will not be paid the Scheme Consideration and Pacific Smiles will not pay any Permitted Dividend, although Pacific Smiles would likely consider other capital management initiatives under the status quo;
- Pacific Smiles Shares will not be transferred to NDC Bidco (and will be retained by Pacific Smiles Shareholders);
- in the absence of a Competing Proposal that is ultimately implemented, Pacific Smiles will continue to operate as a standalone entity, and remain listed on ASX;
- unless they sell their Pacific Smiles Shares on the ASX, Pacific Smiles Shareholders will continue to hold Pacific Smiles Shares and be exposed to both the benefits and the risks associated with an investment in Pacific Smiles on a standalone basis (refer to Sections 7.2 and 7.3 of this Scheme Booklet for further details about these risks);
- Pacific Smiles may be required to pay the Break Fee to NDC Bidco if the Scheme does not proceed in certain circumstances. However, the Break Fee is not payable by Pacific Smiles to NDC Bidco simply because the Scheme Resolution is not approved by Pacific Smiles Shareholders. See Section 9.1(g) for further details; and
- the price of Pacific Smiles Shares will remain subject to market volatility and the Independent Expert has indicated in the Independent Expert's Report that the Pacific Smiles Share price is likely to decline to levels observed prior to announcement of the Scheme if the Scheme is not implemented and no superior proposal emerges.

(f) Risks specific to any Permitted Dividend

(i) Any Permitted Dividend is dependent on the outcome of the Scheme

If the Scheme does not become Effective then Pacific Smiles will not pay any Permitted Dividend, although Pacific Smiles would likely consider other capital management initiatives under the status quo. The payment of any future dividend is at the discretion of the Pacific Smiles Board, and is dependent upon a number of factors, including the availability of franking credits, the availability of profits and the requirements of the Corporations Act.

(ii) Payment of any Permitted Dividend

It remains at the discretion of the Pacific Smiles Board whether any Permitted Dividend is ultimately declared and paid. The final decision on whether or not to pay a Permitted Dividend will be made by the Pacific Smiles Board and will depend upon a number of factors, including the availability of franking credits, the availability of profits and the requirements of the Corporations Act. If any Permitted Dividend is declared, the cash amount of that Permitted Dividend will be determined based on Pacific Smiles' profits and equity reserves at that time.

It is expected that the Board will make this decision and announce any Permitted Dividend before the Scheme Meeting, with payment being conditional on the Scheme becoming Effective. The final decision of the Pacific Smiles Board regarding any Permitted Dividend will be communicated to Pacific Smiles Shareholders by way of an ASX announcement before the Scheme Meeting.

(iii) Tax implications of any Permitted Dividend

Pacific Smiles has applied for a Class Ruling from the ATO in relation to the taxation implications of the Scheme, including the availability of franking credits attached to any Permitted Dividend. As at the Last Practicable Date, the ATO has not made any final or in-principle determination in respect of Pacific Smiles' Class Ruling application. Even if a favourable Class Ruling is obtained from the ATO, the question of whether or not a Pacific Smiles Shareholder is able to obtain the full benefit of the franking credits attached to any Permitted Dividend depends on their personal tax circumstances.

In assessing the value of any Permitted Dividend, Pacific Smiles Shareholders should seek independent professional taxation advice as to whether or not the receipt of any Permitted Dividend and any entitlement to franking credits attached thereto is beneficial to them based on their own particular circumstances.

(g) Change of control implications under leases and contracts

Certain of Pacific Smiles' leases and contracts contain change of control provisions which may entitle the relevant counterparty to terminate the contract in certain circumstances associated with the proposed change of control in respect of Pacific Smiles pursuant to the Scheme. This includes Pacific Smiles' material contract with HBF, which HBF may seek to terminate upon Court approval being obtained at the Second Court Hearing in certain circumstances.

To date, Pacific Smiles Board and management have had no indication from ongoing discussions with HBF or other contract counterparties that any contracts are likely to terminate that would have a material impact on Pacific Smiles' financial performance, however these discussions will continue following the date of this Scheme Booklet.

There is no guarantee whether all or any of these counterparties will agree to provide their consent to the change of control occurring (to the extent required) or that they will elect not to exercise any termination right following the Scheme becoming Effective.

Whilst Pacific Smiles will seek to mitigate the risk of termination of key contracts triggered by the Scheme and believes it has strong relationships with the counterparties under these contracts, Pacific Smiles cannot guarantee that any necessary consents to a change of control will be forthcoming or, if forthcoming, that such consents will not be subject to conditions that are unfavourable to Pacific Smiles. Termination of a key contract prior to the end of its term, or Pacific Smiles' inability to enforce its rights under a key contract, could have adverse impacts on Pacific Smiles' business and operation costs and, consequently, Pacific Smiles' financial performance.

7.2 Specific risks associated with Pacific Smiles' business

In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which Pacific Smiles operates, which could materially and adversely affect the future operating and financial performance of Pacific Smiles. Many of these risks are currently relevant to Pacific Smiles Shareholders and will continue to be relevant to Pacific Smiles Shareholders if the Scheme does not become Effective and you choose to retain your investment in Pacific Smiles.

(a) Pacific Smiles Share price volatility

If the Scheme does not become Effective, Pacific Smiles Shares will remain quoted on the ASX and will continue to be subject to market volatility, which may have a more pronounced impact on the Pacific Smiles Share price given the potential liquidity of the register. This market volatility may include general stock market movements and the impact of general economic conditions. If the Scheme does not become Effective, the price at which Pacific Smiles Shares trade may fall.

The Independent Expert has indicated in the Independent Expert's Report that the Pacific Smiles Share price is likely to decline to levels observed prior to announcement of the Scheme if the Scheme is not implemented and no superior proposal emerges.

(b) Changes in the market and patient trends

Pacific Smiles' continued success depends in part on its ability to anticipate, gauge and respond to industry trends and changes in patient preferences and attitudes towards different dental treatments. If Pacific Smiles is unable to anticipate and respond to trends in the dental industry and changing patient demands in a timely fashion, its financial results may deteriorate.

Patient behaviour and spending in the dental industry may also be affected by the state of the broader economy. If Australian economic conditions worsen, there is a risk that patients will delay or skip treatments, defer more expensive complex procedures or redirect their spending on dental services given the discretionary nature of some of these services, which may result in a reduction in Pacific Smiles' revenue and may have a material adverse effect on Pacific Smiles' financial performance and financial position. Additionally, a higher inflationary environment may drive up Pacific Smiles' costs that are unable to be fully passed on to consumers, creating pressure on operating margins.

(c) Changes to the dental and private health insurance industries

While the patients of dental practitioners who engage the services and facilities of Pacific Smiles are comprised of a mixture of privately insured and non-insured individuals, Pacific Smiles is indirectly susceptible to factors adversely affecting the membership and profitability of private health insurers. Membership of private health insurance funds in Australia is supported by a number of Commonwealth Government policies, including the Private Health Insurance Rebate and Medicare Levy Surcharge. To the extent that these policies change, or new policies are enacted, this may reduce incentives to hold private health insurance and the level of private health insurance in Australia may fall. Patients without private health insurance wishing to visit dentists who practice at Pacific Smiles' centres may experience higher out-of-pocket expenses, which may adversely affect the affordability and demand for dental services and, therefore, the frequency of visits to Pacific Smiles dental centres. A decline in the profitability of private health insurance funds or the inability of private health insurance funds to obtain premium increases may result in Pacific Smiles' inability to achieve growth in the funding it receives from private health insurance funds or its inability to renew contracts with private health insurance funds on suitable terms.

(d) Payroll tax compliance in respect of SFAs with dentists

Most of the dentists who choose to practice at Pacific Smiles dental centres operate under a standard SFA. Pacific Smiles considers dentists who operate under SFAs to be principals who are operating their own dental practice; they are not considered to be employees or contractors. Consequently, these dentists' earnings were not considered to be subject to payroll tax (unlike the earnings of employees and contractors of Pacific Smiles which are subject to payroll tax).

07 Risk factors

Following a recent legal action pursued by Revenue NSW, known as the “Thomas and Naaz” case, the earnings of dentists who are a party to a SFA with Pacific Smiles are now potentially subject to payroll tax.

The status of Pacific Smiles’ engagement with the state revenue offices as at the Last Practicable Date is as follows:

- **Revenue NSW:** as announced on 16 May 2023, Pacific Smiles received a determination from Revenue NSW which indicated it considered the SFAs for dentists in NSW were subject to payroll tax. Revenue NSW later issued a payroll tax assessment for the four financial years from 2019 to 2022 (inclusive) in the aggregate amount of \$966,320 (as announced on 14 June 2023), which Pacific Smiles has paid (notwithstanding it disagreed with that assessment and reserved its rights in relation to future periods).
- **ACT Revenue:** on 16 May 2023, Pacific Smiles wrote to ACT Revenue to advise it had received the Revenue NSW determination. ACT Revenue subsequently issued two payroll tax assessments in the aggregate amount of \$1,154,517 for the 2019 to 2023 financial years (notably using a different calculation methodology to Revenue NSW). Pacific Smiles has since paid the amount under both assessments, but has lodged objections with respect to those assessments. If the objections are allowed, Pacific Smiles expects it will receive a refund for some or all amounts paid, however there is no guarantee that the objections will be allowed or, if allowed, the quantum of any refund.
- **Victorian State Revenue Office and Queensland Revenue Office:** at the same time Pacific Smiles advised ACT Revenue of the NSW Revenue determination, it also advised the Victorian State Revenue Office and Queensland Revenue Office. As at the Last Practicable Date, Pacific Smiles has not received any requests for information, determinations or assessments from these revenue offices. Notwithstanding this, it is possible they may do so in the future and, therefore, a risk that payroll tax assessments for dentists in Victoria and Queensland may arise for historical periods.

The calculation of payroll tax under the SFAs is a complex issue, and the outcomes of any future determinations or assessments (including the outcome of the objections in respect of the ACT Revenue assessments) are difficult to forecast, but there is a risk that any future payroll tax determination to Pacific Smiles may negatively impact its future earnings beyond what has been disclosed to date.

Presently, and on a go-forward basis, Pacific Smiles is paying payroll tax on SFAs in all States and Territories where it owns dental centres. Pacific Smiles has received legal and tax advice regarding this payroll tax calculation method. Notwithstanding this, there is a risk that the calculation method being applied by Pacific Smiles results in less payroll tax being remitted than some or all of the State and Territory revenue offices considers to be payable (using a different calculation method). If one or more of those State and Territory revenue offices disputes the calculation method, there is a risk of further reassessments for payroll tax going forward.

(e) Brand or reputational damage

Pacific Smiles’ ability to maintain its reputation is critical to the perception of its centres and offerings. A number of factors as set out in this Section 7 may adversely impact Pacific Smiles’ brand name and general reputation, which may consequently adversely impact its financial performance, condition and future prospects.

These factors include serious or unexpected side effects experienced by patients from the provision of Pacific Smiles’ dental services (which may or may not be the fault of Pacific Smiles or its dental practitioners), failure to maintain consistent and high standards across its network of dental centres, inadvertent breach of privacy obligations leading to the disclosure of patient personal or sensitive information, potential disputes or litigation with suppliers, private health funds, patients, dental practitioners, employees or other third parties and other risks to Pacific Smiles’ brand and reputation that are beyond Pacific Smiles’ control, including any adverse publicity in relation to the dental industry.

Damage to the reputation of Pacific Smiles’ main third party equipment and product suppliers (which may be affected by matters outside of Pacific Smiles’ control) could have an adverse effect on Pacific Smiles’ operations and ability to execute its growth strategy. This could result in an adverse impact on Pacific Smiles’ financial performance, condition and future prospects.

(f) Material contracts

Pacific Smiles has contracts in place regarding its relationship with HBF (including the management of the HBF Dental Centres) and nib. These contracts are material to the continued success of Pacific Smiles, including its financial performance and position. Pacific Smiles also has in place a number of other contracts which are not considered to be individually material, but which support its business model and operations, including its leases for dental centres, agreements with other private health insurers and supply agreements.

Pacific Smiles' contracts may contain unfavourable provisions, be terminated, lost or impaired or renewed on less favourable terms. In certain circumstances, Pacific Smiles may be required to indemnify a counterparty for any loss, damage or claim suffered or incurred by that counterparty in connection with a breach of the relevant contract by Pacific Smiles or the operator of one of its dental centres. Termination of a key arrangement prior to the end of the contract term, or Pacific Smiles' inability to enforce its rights under a contract, could have adverse impacts on Pacific Smiles' business and operation costs and, consequently, Pacific Smiles' financial performance.

While Pacific Smiles' material contracts are generally agreed for a long term, there is the risk that these contracts will not be renewed on terms favourable to Pacific Smiles or at all. There is also the possibility that the counterparties under the material contracts approach Pacific Smiles to seek amendment to the commercial terms. For instance, as noted in Section 5.3(d) above and announced to ASX on 19 June 2024, Pacific Smiles has executed a non-binding memorandum of understanding with nib, pursuant to which the parties propose to vary the commercial terms of the agreement for nib branded dental centres. The proposed changes are subject to final terms being agreed and binding documentation being executed, and there is no guarantee that a binding agreement will be entered into on the proposed terms or at all. Additionally, while preliminary financial modelling has been undertaken and the proposed changes are expected to be net positive over the medium term, there is no guarantee as to the implications for Pacific Smiles' financial performance.

(g) Non-compliance with regulations and regulatory changes

There is a risk that Pacific Smiles may fail to comply with applicable laws and regulations in operating its business (including in relation to privacy and employment). A compliance framework is in place to ensure protocols are established and followed including through Pacific Smiles' Dental Advisory Committee and internal clinical governance committee, and that Pacific Smiles' dental practitioners are well credentialed. Notwithstanding this, Pacific Smiles may be liable for breaches of laws and regulations by dental practitioners where it has failed to take reasonable steps to ensure compliance by those practitioners with applicable laws and regulations. In addition, there are various federal, state and territory laws and regulations that govern the dental industry in Australia, which impact Pacific Smiles and the dental practitioners based at Pacific Smiles' dental centres.

Due to the nature of the services offered by Pacific Smiles, consumer confidence in Pacific Smiles and its dental centres is important to retaining and attracting new patients. Non-compliance with applicable laws and regulations and associated adverse publicity could damage Pacific Smiles' brand and reputation and result in loss of patients and reduced demand for Pacific Smiles' services. Other adverse consequences for Pacific Smiles include loss of regulatory licences, regulatory penalties or other litigation, as well as costs associated with dealing with such adverse consequences (such as legal costs), which could materially affect Pacific Smiles' financial performance and financial position.

Pacific Smiles has in place a robust risk management framework that considers the risks which may arise due to changes in laws and regulations. Notwithstanding this, Pacific Smiles is unable to predict the effect of any additional laws and regulations that may be adopted in the future, or any changes in current regulation or interpretation that apply to Pacific Smiles' operations or the dental industry generally, including in respect of climate change and greenhouse gas emissions. No assurance can be given as to the effect that any such laws or regulations or changes may have on Pacific Smiles' business operations, financial performance and financial position.

07 Risk factors

(h) Ability to attract and remain engaged by dentists

Dental practitioners are the main customer of Pacific Smiles. Pacific Smiles relies on their continuing engagement of its services. The success of the dentists drives patient attendances and thereby revenue for Pacific Smiles. The success of Pacific Smiles' business is heavily reliant on its ability to continue to provide facilities and services to appropriately qualified and experienced dental practitioners who want to conduct their practice from Pacific Smiles' various dental centres.

Dentist engagement, and their ongoing retention of the company to provide facilities and services, is a priority for Pacific Smiles. It is tracked and reported on regularly. However, there is a risk that dental practitioners may cease to practice at Pacific Smiles' centres due to a range of factors including competition, the quality of Pacific Smiles' facilities and equipment (compared to those offered by competitors). Further, some dentists may prefer to move away from the SFA model and instead want to work as an employee dental practitioner or to be a sole operator. Under Pacific Smiles' SFAs, the dental practitioners may terminate their service arrangements for convenience with varying notice periods.

Pacific Smiles' service fee revenues are determined based on the dental practitioner's patient revenues. The ability of the dental practitioners to continue to generate revenue from patients will be instrumental in the continued growth and profitability of Pacific Smiles. Given the personal and sensitive nature of certain services offered by dental practitioners from a Pacific Smiles dental centre, patients may tend to be loyal to a particular dental practitioner or dental centre location, rather than to Pacific Smiles and its business more generally. Pacific Smiles' ongoing success depends on its continued engagement by dentists who maintain a dedicated patient base and are capable of attracting new patients.

(i) Personnel risk

The successful operation of Pacific Smiles is reliant on its ability to attract and retain experienced, skilled and high performing personnel (including key management). Failure to attract and retain such personnel may adversely affect Pacific Smiles' operations and ability to execute its business strategy, which may, in turn, result in a material increase in the cost of obtaining appropriately qualified and experienced personnel and affect Pacific Smiles' financial performance.

(j) Clinical conduct risks

Failure to recognise and manage risks in practice can result in disciplinary action against offending dental practitioners by regulatory and governing bodies, which could result in the suspension of registration of the dental practitioners, conditions on practising or even de-registration on grounds of unprofessional conduct. Any such disciplinary action may have an adverse impact on Pacific Smiles' reputation, financial performance and financial position. Pacific Smiles conducts regular audits on all of the practitioners that contract for its services as part of its accreditation process to ensure that a high standard of care is being delivered to patients that visit Pacific Smiles dental centres.

(k) Treatments and safety risks

Transfer of infection to individuals due to safety or sterilisation breaches in a dental centre may lead to harm to individuals and negative reputational impacts on Pacific Smiles as well negative economic consequences. Pacific Smiles has a clinical governance framework that governs infection control management procedures, including a training program. Treatment and safety risks are coordinated and managed by a dedicated clinical specialist team and monthly audits are undertaken. There is a close focus on internal procedures and clinical governance by management and the Board. This has been further enhanced by internal and external appointments to the Dental Advisory Committee, clinical governance and infection prevention and control committees.

(l) Renewal of lease arrangements

Pacific Smiles' dental centres operate from leased premises. These leases have differing terms, expiry dates and renewal options. There is a risk that one or more of these leases may not be renewed on terms acceptable to Pacific Smiles, at the same premises currently leased by Pacific Smiles, or at all. If this were to occur it may increase Pacific Smiles' operating costs and adversely affect its financial performance. Further, any failure by Pacific Smiles to comply with the terms of its leases, deterioration in relationships with its landlords or other actions taken by landlords may negatively impact the security of tenure of Pacific Smiles' dental centres.

As Pacific Smiles is listed on the ASX, any new leases, or renewals of existing leases in certain circumstances, will not be covered by retail leases legislation in certain states and territories, and landlords will be able to pass relevant costs on to Pacific Smiles. This may lead to increased outgoings for Pacific Smiles and may have an adverse impact on its financial and operating performance.

(m) Cybersecurity and IT systems

Pacific Smiles retains personal information about its patients, dentists and employees in its systems including relating to patients' health and sensitive information regarding treatments. If the data was to be illegally obtained and publicly disclosed this would have a severe impact on Pacific Smiles' reputation and clients may seek compensation. Additionally, in certain circumstances, if there is any unauthorised access to Pacific Smiles systems that may have a material adverse effect on the confidentiality, integrity, security, control or availability of personal data, a Prescribed Occurrence may occur for the purposes of the Scheme Implementation Deed, which may result in the Condition described at item 6 of Section 9.1(a) not being satisfied, in which case the Scheme Implementation Deed may be terminated and the Scheme may not proceed.

Pacific Smiles continues to implement cybersecurity controls aligned to the achievement of prescribed standards of the Australian Signals Directorate to minimise technology related business interruptions and to assure the privacy of patient information. However, adverse actors can be highly sophisticated and it is not possible to completely eliminate this risk.

Pacific Smiles relies on third party providers and it is possible that they could be impacted by unforeseen events such as power outages, hardware failures, computer viruses, attacks by hackers, telecommunication failures, user errors or other unforeseen events. If Pacific Smiles' information technology systems suffer severe damage, disruption or shutdown, Pacific Smiles' operations may be materially and adversely affected, and fines may be payable by Pacific Smiles which may have an adverse effect on its financial position.

(n) Increased competition

The market for the provision of dental services is subject to significant competition. Dental practitioners generally compete with one another on factors such as price, convenience of location, responsiveness, range of services availability and quality of service. Existing competitors or new entrants to markets in which Pacific Smiles currently operates may be successful in taking market share from Pacific Smiles. Notwithstanding this, Pacific Smiles considers it provides an attractive option to dentists and patients based on convenience, value, access and overall experience.

(o) Inconsistency of patient experience between dental centres

Pacific Smiles' network of dental centres operates in different locations, and in connection with different private health insurers. The dental centres which Pacific Smiles operates comprises a mixture of dental centres owned by Pacific Smiles and HBF Dental Centres. Patients may have differing experiences of service and quality of care from centre to centre, which may impact Pacific Smiles' brand and reputation. Poor patient experience at any one dental centre may have adverse consequences for patient loyalty to the dentist and the potential for further appointment visitations.

07 Risk factors

(p) Reliance on third party suppliers

Pacific Smiles relies on third party suppliers for equipment, personal protective equipment and dental consumables. Pacific Smiles also relies on third party providers for various services including point of sale software, online training platforms, online accounting platforms and online marketing platforms. A disruption to the operations of any of Pacific Smiles' third party suppliers could restrict, interrupt or otherwise adversely affect Pacific Smiles' operations. These may be for reasons including a shortage of key medical consumables, a production or systems outage or significant disputes (including with Pacific Smiles), lack of availability of maintenance services, material damage or destruction of a supplier's facilities, a significant workplace safety incident or a compliance or cyber breach.

In respect of physical material supplies, Pacific Smiles has long-term relationships with national and international suppliers and has identified alternate suppliers where appropriate. Additionally, Pacific Smiles seeks to hold enough necessary supplies and diversify its suppliers for its key categories. However, there is a risk that Pacific Smiles may fail to manage its inventory appropriately or achieve such diversity in its supply relationships at all times. There is no guarantee that Pacific Smiles will be successful in securing an appropriate substitute for these third party suppliers at short notice. There is also a risk that Pacific Smiles may not be able to retain its existing arrangements with its third party suppliers and any new arrangements may not be as favourable to Pacific Smiles. This may have an adverse impact on Pacific Smiles' financial performance and future prospects.

Pacific Smiles maintains relationships with its equipment, maintenance and consumables suppliers in particular, which provides Pacific Smiles with opportunities to capitalise on purchasing benefits and gain access to a broad catalogue of supplies, services and other innovative opportunities that benefit its business. If there is a breakdown in Pacific Smiles' relationships with any of these suppliers, Pacific Smiles would need to seek alternative relationships and is not assured that these alternative relationships will be as advantageous to Pacific Smiles or enable Pacific Smiles to maintain its performance.

(q) Failure to implement business model and framework successfully

While Pacific Smiles has significant experience as a greenfield developer and operator of dental centres, there is no guarantee that it will be able to continue to implement its organic growth model as planned. For instance, Pacific Smiles may not be able to grow beyond its existing dental centres due to weaker than anticipated demand for Pacific Smiles' services by patients or dentists, adverse changes in the perception of Pacific Smiles' brand or due to other risks noted in this Section.

Additionally, Pacific Smiles' ability to open new centres may be affected by a number of factors, including availability of suitable sites which fit within its business model and framework, such as appropriate shopping centres. Pacific Smiles' growth model is also dependent on its ability to reach agreement with landlords in relation to lease terms, and continue to be engaged by dental practitioners. Any failure to successfully implement its business model and framework may have an adverse effect on Pacific Smiles' future financial performance and growth prospects.

(r) Insurance

Pacific Smiles currently has in place what it believes are adequate levels of insurance for property, industrial and special risks (including business interruption), public liability, directors' and officers' liability, medical malpractice and workers' compensation to protect Pacific Smiles from potential losses and liabilities. However, there is a possibility that events may arise which are not adequately covered by Pacific Smiles' existing insurance policies and Pacific Smiles cannot guarantee that its existing insurance will be available or offered in the future. An inability of Pacific Smiles to maintain such cover in the future could limit the ability of Pacific Smiles to conduct its business, which could have a negative impact on the financial results and prospects of Pacific Smiles. Further, there is a risk that insurance premiums may increase to a level where Pacific Smiles considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is accordance with industry practice.

(s) Access to funding and service of debt financing

There is a risk that Pacific Smiles may not be able to raise debt finance or new equity in the future to continue to pursue its business strategy and grow its business. Pacific Smiles' ability to raise additional funds on favourable terms or at all will be subject to, among other things, factors beyond the control of Pacific Smiles and the Directors, including cyclical factors affecting the economy and share markets generally.

Pacific Smiles has a term debt facility in place that provides it with funding for working capital requirements and business growth. The breach or termination of any debt facility may negatively impact Pacific Smiles' ability to obtain new or renew existing debt finance. This may negatively impact Pacific Smiles' operations and/or financial position and performance.

(t) Litigation or other disputes

From time to time, Pacific Smiles may be involved in litigation, claims or other disputes relating to matters such as personal injury (for example, in relation to adverse reactions to services provided), privacy breaches, intellectual property, contractual, employee and workplace health and safety and other claims arising in the ordinary course of Pacific Smiles' business or otherwise.

Litigation may adversely impact upon the operational, reputational and financial performance of Pacific Smiles, and may also negatively impact on the price of Pacific Smiles Shares. Should Pacific Smiles pursue claims against a third party, such process may utilise significant management and financial resources, and a positive outcome for Pacific Smiles cannot be guaranteed. Even if Pacific Smiles is successful in obtaining a judgment against a third party, Pacific Smiles may be unable to recover any monies from that party (for example, if the relevant third party has inadequate financial resources to cover any damages judgment awarded in favour of Pacific Smiles).

Adverse litigation outcomes could negatively impact Pacific Smiles business, financial condition and reputation.

(u) Unique business intelligence

The value of Pacific Smiles' services is dependent on its ability to continue to capitalise on its unique operating model and business intelligence related to its greenfield roll-out model, including its business processes and know-how. While Pacific Smiles does not consider it has any material intellectual property, it has certain intellectual property rights which are used in its operations and marketing, including business names, copyrights and trademarks. There is a risk that Pacific Smiles may be unable to detect the unauthorised use of its intellectual property rights in all instances, and if it decides to enforce such rights, this may be challenging and expensive.

Additionally, Pacific Smiles' commercial success is dependent on its ability to operate without infringing, misappropriating or otherwise violating the intellectual property rights of others (either inadvertently or otherwise). Third parties may allege that Pacific Smiles has infringed, misappropriated or otherwise violated intellectual property rights in an attempt to gain a competitive advantage. Defending against allegations and litigation could be expensive, take significant time and divert management's attention. Pacific Smiles may also be required to pay substantial damages or be subject to court orders prohibiting Pacific Smiles and its dental practitioners from engaging in certain activities. This could have a material adverse effect on Pacific Smiles' business, financial condition and the results of its operations.

7.3 General risks

Like many listed companies, the future prospects and operating and financial performance of Pacific Smiles and the value of Pacific Smiles Shares may be affected by a variety of factors. These general risks may include:

- (a) changes in investor sentiment and overall performance of the Australian and overseas stock markets;
- (b) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels, credit markets and consumer confidence, demand and preferences;
- (c) economic and political factors in Australia and overseas, including economic growth and inflation rates;
- (d) there may be few or many potential buyers or sellers of Pacific Smiles Shares on ASX at any time and this may affect the volatility of the market price of Pacific Smiles Shares. It may also affect the prevailing market price at which shareholders are able to sell their Pacific Smiles Shares;
- (e) changes in legislation and government, fiscal, monetary, regulatory policies including foreign investment, accounting or financial reporting standards and taxation laws (or their interpretation);
- (f) changes in public and private healthcare insurance coverage and funding; and
- (g) natural disasters, catastrophes and disease or pandemic (including the outbreak, escalation or impact of, and recovery from, the COVID-19 pandemic or similar outbreaks, which may have a disproportionate impact on the dental or healthcare industry) and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of hostilities, acts of terrorism and declarations of war, such as the current Israeli-Palestinian conflict or Russia-Ukraine conflict.



08

**Tax implications for
Pacific Smiles Shareholders**

08 Tax implications for Pacific Smiles Shareholders

This Section 8 is a general summary of some Australian tax consequences for some Pacific Smiles Shareholders of the implementation of the Scheme.

It does not constitute tax advice and should not be relied upon as such. Given its general nature, it cannot address all possible tax consequences and cannot consider the circumstances of any or all Pacific Smiles Shareholders.

The summary is based upon the Australian tax law and the ATO's publicly known administrative practices in effect as at the Last Practicable Date.

Pacific Smiles Shareholders should seek independent professional advice in relation to their own particular circumstances.

Pacific Smiles Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes), or who hold their Pacific Smiles Shares in connection with a taxable presence in another country, should take into account the tax consequences of the Scheme under the laws of those other countries, as well as under Australian law.

8.1 Guide for certain shareholders only

The summary below is relevant to Pacific Smiles Shareholders who hold their Pacific Smiles Shares directly in their own names and on "capital" account (but it may not apply to any particular Pacific Smiles Shareholder in that shareholder's personal circumstances).

The summary is not relevant to and does not apply to Pacific Smiles Shareholders who:

- hold their Pacific Smiles Shares on "revenue" account. This includes for the purposes of a business of dealing in securities, including by making a gain on disposal);
- acquired their Pacific Smiles Shares pursuant to an employee share, option or rights plan;
- are financial institutions, insurance/life insurance companies, partnerships, superannuation funds, tax exempt organisations, temporary residents or other entities or persons to whom specific tax rules apply;
- are Australian residents who hold their Pacific Smiles Shares as part of an enterprise carried on at or through a permanent establishment in a foreign country; or
- change or changed their tax residence while holding Pacific Smiles Shares.

This list of excluded Pacific Smiles Shareholders is not intended to be exhaustive. Pacific Smiles Shareholders should seek independent professional advice in relation to their own particular circumstances.

8.2 Australian resident shareholders – disposal of Pacific Smiles Shares

The following is a general summary of some Australian income tax implications expected to arise for some Australian resident Pacific Smiles Shareholders on disposal of their Pacific Smiles Shares on implementation of the Scheme.

(a) Disposal of Pacific Smiles Shares

The disposal of Pacific Smiles Shares by Pacific Smiles Shareholders to NDC Bidco on the Implementation Date will constitute a disposal (or CGT event) for CGT purposes. The time of the disposal for CGT purposes is the Implementation Date.

(b) Calculating a capital gain or loss

A Pacific Smiles Shareholder will generate:

- a capital gain if the “capital proceeds” from the disposal of their Pacific Smiles Shares are greater than the “cost base” of the Pacific Smiles Shares; or
- a capital loss if the “capital proceeds” from the disposal of their Pacific Smiles Shares are less than the “reduced cost base” of the Pacific Smiles Shares.

A Pacific Smiles Shareholder who acquired Pacific Smiles Shares at different times may generate capital gains on some shares and capital losses on other shares. Capital gains and losses must be calculated separately for each tranche of Pacific Smiles Shares.

(c) Capital proceeds received under the Scheme

The capital proceeds received for the disposal of a Pacific Smiles Shareholder’s Pacific Smiles Shares is the Scheme Consideration (\$1.90 less the cash amount of any Permitted Dividend paid and plus any Ticking Fee which may accrue)³³.

The capital proceeds should not include any Permitted Dividend paid as NDC Bidco does not control or fund the payment of the Permitted Dividend. Pacific Smiles has sought confirmation from the ATO on this point.

(d) Cost base and reduced cost base

The cost base (and reduced cost base) of the Pacific Smiles Shares should generally be their cost of acquisition and certain non-deductible incidental costs of acquisition, ownership and disposal. Certain costs are excluded from the calculation of the reduced cost base.

A Pacific Smiles Shareholder who acquired Pacific Smiles Shares at different times may have different cost bases (and reduced cost bases) for each tranche of Pacific Smiles Shares.

(e) CGT discount

Individuals, complying superannuation entities or trustees (other than of complying superannuation entities) that have held the Pacific Smiles Shares for at least 12 months (excluding the days of acquisition and disposal) prior to the CGT event may be entitled to discount the amount of any capital gain (after application of capital losses, whether from Pacific Smiles Shares, other assets or brought forward from prior years).

The discount is half ($\frac{1}{2}$) in the case of individuals and trustees (other than of complying superannuation entities) and one-third ($\frac{1}{3}$) for complying superannuation entities.

Whether a beneficiary of a trust (other than of complying superannuation entities) will be entitled to retain the trustee’s CGT discount will depend on the particular circumstances of the beneficiaries.

Companies that hold Pacific Smiles Shares are not eligible for a CGT discount.

(f) Capital gains subject to tax

As noted above, capital losses from the same and prior years are deducted from the capital gains before the application of the CGT discount.

If the capital gains exceed the capital losses, the discount is applied and the discounted net capital gains are included in the assessable income of the relevant Pacific Smiles Shareholder and is subject to income tax.

If the capital losses from the current year exceed the capital gains, the net capital losses cannot be deducted against other income for income tax purposes, but can be carried forward to offset future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

33. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

08 Tax implications for Pacific Smiles Shareholders

8.3 Australian resident shareholders – Permitted Dividend

The following is a general summary of some Australian income tax implications expected to arise for some Australian resident Pacific Smiles Shareholders on receipt of the Permitted Dividend.

(a) Receiving the Permitted Dividend

Pacific Smiles Shareholders who receive the Permitted Dividend (if any) should include the cash amount of that dividend and the attached franking credits in their assessable income in the income year in which the dividend is paid.

Pacific Smiles Shareholders may be entitled to a tax offset equal to the franking credit attached to the Permitted Dividend.

However, Pacific Smiles Shareholders will only be required to include the amount of the franking credits and be entitled to a tax offset for the franking credits if:

- they are “qualified persons” in relation to the Permitted Dividend; and
- certain franking integrity rules do not apply.

(b) Qualified person

To be considered a qualified person in relation to any Permitted Dividend, Pacific Smiles Shareholders must have held their Pacific Smiles Shares “at risk” for a continuous period of 45 days (excluding the days of acquisition and disposal) during the period commencing on 25 June 2024 and ending on 11 August 2024 (inclusive).

A Pacific Smiles Shareholder will not be considered to have held their Pacific Smiles Shares “at risk” where the Pacific Smiles Shareholder has materially diminished risk of loss or opportunities for gain in respect of the Pacific Smiles Shares. A Pacific Smiles Shareholder will be taken to have materially diminished risk if their net position in relation to the Pacific Smiles Shares has less than 30% of the risks of loss and opportunities for gain (for example, due to hedging transactions).

(c) Franking integrity rules

The franking integrity rules are complex. Pacific Smiles has applied for confirmation from the ATO that certain franking integrity rules should not apply.

(d) Entitlement to franking credits in excess of tax liability

Pacific Smiles Shareholders who are Australian resident individuals or complying superannuation entities should be entitled to receive a refund of the amount by which their entitlement to franking credits exceeds their tax liability for the income year provided that Pacific Smiles Shareholders are “qualified persons” in relation to any Permitted Dividend and none of the franking integrity measures apply.

Pacific Smiles Shareholders that are Australian resident companies may be able to convert such an excess into tax losses and credit their franking account with the amount of the franking credit attached to any Permitted Dividend.

8.4 Non-resident shareholders

Pacific Smiles Shareholders who are not residents of Australia for Australian tax purposes and do not hold their Pacific Smiles Shares in carrying on a business through a permanent establishment in Australia will generally not have to pay Australian tax on any capital gain when they dispose of their Pacific Smiles Shares as Pacific Smiles does not expect that the “principal asset test” will be met. The principal asset test requires that the market value of Pacific Smiles’ direct and indirect interests in Australian land (including leases) is more than the market value of its other assets on the Implementation Date.

Even if the principal asset test is met, non-resident Pacific Smiles Shareholders who do not hold their Pacific Smiles Shares in carrying on a business through a permanent establishment in Australia and who, together with their associates, do not hold at least a 10% interest in Pacific Smiles:

- on the Implementation Date; or
- for a continuous period of 12 months in the two years ending on the Implementation Date,

will generally not have to pay Australian tax on any capital gain when they dispose of their Pacific Smiles Shares.

Pacific Smiles Shareholders who are not residents of Australia should not be subject to Australian income tax (including dividend withholding tax) on the Permitted Dividend as it will be fully franked.

8.5 Foreign resident capital gains withholding tax

NDC Bidco may have an obligation to withhold an amount of up to 12.5% of the Scheme Consideration payable to specific Pacific Smiles Shareholders and pay such amount to the ATO.

If NDC Bidco determines or reasonably believes that it has an obligation to make the above payment, NDC Bidco will (subject to the comments below) withhold the applicable amount from the Scheme Consideration payable to those Pacific Smiles Shareholders and pay that amount to the ATO. Those Pacific Smiles Shareholders will only receive the net proceeds.

NDC Bidco should not have an obligation to withhold tax from the Scheme Consideration if the principal asset test referred to above is not met. At the Last Practicable Date, NDC Bidco does not expect to withhold tax from the Scheme Consideration payable to any Pacific Smiles Shareholder. If it subsequently believes a withholding is required, NDC Bidco and Pacific Smiles will agree a process to communicate with affected shareholders and mitigate the extent of withholding.

8.6 ATO Class Ruling

Pacific Smiles has applied to the ATO for a class ruling to confirm some Australian income tax implications for some Pacific Smiles Shareholders in relation to the Scheme, including:

- the assessability of any Permitted Dividend and franking credits attached to that dividend;
- the circumstances in which a Pacific Smiles Shareholder will be a “qualified person”;
- the application of certain franking integrity measures; and
- whether any Permitted Dividend will form part of the consideration for the disposal of the Pacific Smiles Shares.

It is anticipated that the ATO’s views will be generally consistent with the summary set out above. It is possible, however, that the ATO may take a different view in the ATO Class Ruling.

The final ATO Class Ruling is not expected to be issued until after the implementation of the Scheme. When it is published by the ATO, it will be available on the ATO website www.ato.gov.au and on Pacific Smiles’ website at <https://investors.pacificsmilesgroup.com.au/investors/>.

8.7 Goods and services tax (GST)

Pacific Smiles Shareholders should not be liable for GST in respect of a disposal of their Pacific Smiles Shares. However, Pacific Smiles Shareholders may be charged GST on costs relating to their participation in the Scheme (such as adviser fees). Pacific Smiles Shareholders that are registered for GST may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

8.8 Stamp duty

Pacific Smiles Shareholders should not be liable for any stamp duty in any Australian State or Territory in relation to the disposal of their Pacific Smiles Shares.



09

**Additional
information**

09 Additional information

This Section 9 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, but only to the extent that this information is not otherwise disclosed in other Sections of this Scheme Booklet. This Section 9 also includes additional information that the Pacific Smiles Directors consider may be material to a decision on how to vote on the Scheme Resolution, but only to the extent that such information is not otherwise disclosed in other Sections of this Scheme Booklet.

An electronic version of this Scheme Booklet, including the Independent Expert's Report and the Scheme Implementation Deed, are available on ASX's website (www.asx.com.au) and on Pacific Smiles' website (<https://investors.pacificsmilesgroup.com.au/Investors/>).

9.1 Summary of Scheme Implementation Deed

Pacific Smiles and NDC Bidco entered into the Scheme Implementation Deed on 28 April 2024 (as amended on 10 May 2024). The Scheme Implementation Deed sets out the steps required to be taken by Pacific Smiles and NDC Bidco to implement the Scheme. A copy of the Scheme Implementation Deed is annexed to Pacific Smiles' ASX announcement dated 13 May 2024, which is available on ASX's website (www.asx.com.au) and on Pacific Smiles' website (<https://investors.pacificsmilesgroup.com.au/Investors/>).

The key terms of the Scheme Implementation Deed are summarised below.

(a) Conditions

The Scheme is subject to the Conditions, which are summarised below:

No.	Condition
1.	Independent Expert: The Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of Pacific Smiles Shareholders (and not withdrawing or adversely changing that conclusion before 8:00am on the Second Court Date).
2.	Court approval: The Court approving the Scheme in accordance with section 411(4)(b) of the Corporations Act.
3.	ASIC and ASX: Before 8:00am on the Second Court Date, ASIC and ASX issue or provide all consents, waivers, relief or approvals, or doing any other acts, which are necessary, or which Pacific Smiles and NDC Bidco agree (each acting reasonably) in writing are desirable, to implement the Scheme (and those not being withdrawn or revoked).
4.	Pacific Smiles Shareholder approval: Pacific Smiles Shareholders approving the Scheme at the Scheme Meeting by the Requisite Majorities under section 411(4)(a)(ii) of the Corporations Act.
5.	No Restraints: As at 8:00am on the Second Court Date, there is not in effect any: <ul style="list-style-type: none">• permanent or temporary restraining order, permanent or temporary injunction or other final or preliminary decision, order, decree or ruling issued by any court of competent jurisdiction, or issued by any Government Agency in Australia;• law, rule or regulation; or• other legal restraint or prohibition, which in each case restrains or prohibits implementation of the Scheme.
6.	No Prescribed Occurrence: No Prescribed Occurrence (refer to details below) occurring between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date.

09 Additional information

No.	Condition
7.	No Material Adverse Change: No Material Adverse Change (refer to definition below) occurring, being announced or disclosed to, discovered by or otherwise becoming known to, NDC Bidco between the time of execution of the Scheme Implementation Deed and 8:00am on the Second Court Date.
8.	Pacific Smiles warranties: Each warranty provided by Pacific Smiles (refer to the Scheme Implementation Deed annexed to the announcement dated 13 May 2024) being true and correct in all material respects at the times that warranty is provided.
9.	NDC Bidco warranties: Each warranty provided by NDC Bidco (refer to the Scheme Implementation Deed annexed to the announcement dated 13 May 2024) being true and correct in all material respects at the times that warranty is provided.

For the purposes of the Condition noted in item 6 above, the **Prescribed Occurrences** are set out in full in Schedule 4 to the Scheme Implementation Deed (refer to the Scheme Implementation Deed annexed to the announcement dated 13 May 2024), and include (among others) the following subject to certain exceptions:

- entry into any lease, sub-lease or similar agreement in respect of any premises where it is not operating or managing a dental centre as at the date of the Scheme Implementation Deed, where that lease, sub-lease or similar arrangement is not capable of being terminated by a member of the Pacific Smiles Group with one month or less notice after the Implementation Date without compensation (other than as required under Pacific Smiles' arrangements with HBF);
- renewal (or entry into any replacement lease), extension or similar arrangement in respect of a dental centre (other than the HBF dental centres) which has generated negative EBITDA in the 12-month period ending 31 March 2024 unless the existing lease for that centre would expire on or before the End Date and the renewal or extension is for a period not exceeding six months after expiry of the existing lease;
- any unauthorised access to Pacific Smiles' computers, databases and other information systems that may have a materially adverse effect on the confidentiality, integrity, security, control or availability of a material part of Pacific Smiles' information systems or any personal data (being an unauthorised event), other than where, within 30 Business Days (or such shorter period ending at 5:00pm on the Business Day before the Second Court Date) after Pacific Smiles becomes aware of such an unauthorised event (or a series of those events), Pacific Smiles has received written advice from an external (and appropriately experienced and acceptable to NDC Bidco (acting reasonably)) cybersecurity consultant that such unauthorised event (or series of events) has had no, and is not likely to have any, material adverse effect on the confidentiality, integrity, security, control or availability of personal data such that it is not reasonably likely that any former or existing patient of any dental centre owned or operated by Pacific Smiles will suffer serious harm;
- any member of the Pacific Smiles Group disposing of business or assets in aggregate value of \$1,000,000 or more, or acquiring or investing in any business or assets in aggregate value of \$1,000,000 or more (in each case, whether by way of single transaction or a series of related transactions); and
- certain corporate actions with respect to any member of the Pacific Smiles Group, such as reducing the share capital, entering into a buy-back agreement, declaring or paying any dividend other than the Permitted Dividend.

For the purposes of the Condition noted in item 7 above, a **Material Adverse Change** means an event, change, condition, circumstance, thing, occurrence or matter that occurs after the date of the Scheme Implementation Deed, or occurs on or before that date but only becomes known to NDC Bidco or is publicly announced or disclosed after that date (being a **specified event**) which has had or is reasonably likely to have (either individually or when aggregated with all other specified events) the effect of:

- diminishing the Pacific Smiles Group's net assets by \$10,500,000 or more (as compared to what those net assets could reasonably be expected to have been but for the specified event); or
- diminishing the Pacific Smiles Group's consolidated EBITDA in any financial year by at least \$4,050,000 (as compared to what the consolidated EBITDA could reasonably be expected to have been but for the specified event),

in each case, subject to certain exceptions set out in full in Schedule 1 of the Scheme Implementation Deed, but which include (among others) the following (other than in relation to any impacts in connection with payroll tax and any negotiated amendment to Pacific Smiles' agreement with nib):

- matters required or expressly permitted by the Scheme Implementation Deed or the Scheme, or required by the Transaction;
- to the extent Fairly Disclosed in ASX announcements in the five years prior to the date of the Scheme Implementation Deed;
- relating to payment of Transaction Costs (up to an agreed cap); and
- relating to payment of costs and expenses incurred by any member of the Pacific Smiles Group in connection with ceasing to progress planned centre openings (refer to the summary of the Scheme Implementation Deed provisions regarding Pacific Smiles' conduct of business in Section 9.1(d) below),

as well as excluding any payroll tax impacts set out in Pacific Smiles' financial statements in the interim report for the half-year ended 31 December 2023, and any impacts resulting from any negotiated amendment to the nib agreement (see Section 5.3(d) above for further details) where disclosed to NDC Bidco.

(b) Recommendations of Pacific Smiles Directors

Pacific Smiles must use its best endeavours to procure that each Pacific Smiles Director recommends that Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

Pacific Smiles must also use its best endeavours to procure that those recommendations are not withdrawn or adversely changed (including by making any statement supporting, endorsing or recommending a Competing Proposal) unless:

- Pacific Smiles has received a Competing Proposal (other than as a result of a breach of the exclusivity regime summarised in Section 9.1(f) below) and the Board has determined (after the matching rights process summarised in Section 9.1(f) below has been complied with) that Competing Proposal is a Superior Proposal; or
- the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Pacific Smiles Shareholders or, having previously concluded that, withdraws or adversely changes its conclusion.

09 Additional information

(c) Scheme Consideration

Under the terms of the Scheme Implementation Deed, Scheme Shareholders will be paid:

- **Scheme Consideration:** Scheme Consideration of \$1.90 per Scheme Share paid by NDC Bidco, less the cash amount of any Permitted Dividend (see below) and plus any Ticking Fee which may have accrued.³⁴ Scheme Consideration will be paid to Pacific Smiles Shareholders on the Implementation Date.
- **Permitted Dividend:** The Pacific Smiles Board is entitled to declare and pay one or more dividends up to a maximum aggregate amount of \$0.12 per Pacific Smiles Share. It remains at the discretion of the Board whether any Permitted Dividend is ultimately declared and paid. However, it is currently intended that the Board will declare a fully franked Permitted Dividend up to such cash amount to be determined based on Pacific Smiles' profits and equity reserves at the time of declaring any Permitted Dividend. Any such Permitted Dividend will be subject to the Scheme becoming Effective, and will be paid on or prior to the Implementation Date.
- **Ticking Fee:** If there is a Relevant Restraint in effect on 28 September 2024, the Ticking Fee will start to accrue where the Scheme Consideration payable by NDC Bidco will increase by \$0.01 per Pacific Smiles Share, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th day of each calendar month thereafter while any Relevant Restraint remains in effect. Any Ticking Fee which may accrue will be paid as part of the Scheme Consideration paid on the Implementation Date.

(d) Conduct of business

The Scheme Implementation Deed requires that Pacific Smiles carry on its business and operations in the ordinary and usual course. Additionally, subject to certain exceptions, until the Implementation Date, Pacific Smiles must not without NDC Bidco's consent (amongst other things):

- enter into any lease, sub-lease or similar agreement in respect of any premises where it is not operating or managing a dental centre as at the date of the Scheme Implementation Deed, where that lease, sub-lease or similar arrangement is not capable of being terminated by a member of the Pacific Smiles Group with one month or less notice after the Implementation Date without compensation (other than as required under Pacific Smiles' arrangements with HBF);
- close or relocate any dental centre (other than HBF dental centres);
- renew (or enter into any replacement lease), extend or similar in respect of a dental centre (other than the HBF dental centres) which has generated negative EBITDA in the 12-month period ending 31 March 2024 unless the existing lease for that centre would expire on or before the End Date and the renewal or extension is for a period not exceeding six months after expiry of the existing lease;
- enter into any new agreement with any private health insurer (and NDC has consented to Pacific Smiles' entry into the non-binding memorandum of understanding with nib, as disclosed in Section 5.3(d));
- enter into, renew or extend any employment agreements (other than for a new Head of Marketing role):
 - which cannot be terminated by Pacific Smiles at any time with three months or less notice without compensation;
 - where being entered into to fill a vacant role, which is not on terms which are substantially equivalent to the terms in the most recent employment agreement or SFA for the person who last occupied that role;
- incur any financial indebtedness in excess of \$250,000 in aggregate, other than drawing on Pacific Smiles' existing debt facility; and
- settle or compromise any tax dispute, audit or investigation (but excluding any payment of tax when due pursuant to any payroll tax determination or assessment).

34. As set out in further detail in Section 4.5(a), if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Share on the 28th of each month thereafter if those factors subsist at that time.

(e) Representations and warranties

The Scheme Implementation Deed contains customary representations and warranties provided by each of Pacific Smiles and NDC Bidco to each other. Those representations and warranties are set out in Schedule 2 (in the case of Pacific Smiles) and Schedule 3 (in the case of NDC Bidco) in the Scheme Implementation Deed.

(f) Exclusivity

The Scheme Implementation Deed contains customary exclusivity provisions in favour of NDC Bidco during the Exclusivity Period, some of which are summarised below:

- **No shop:** Pacific Smiles must not solicit, encourage, facilitate, initiate or invite any approaches, enquiries, expressions of interest, offers, proposals, discussions, negotiations or other communications (or announce or communicate any intention, willingness or decision to do or become obliged to do these things) with a view to obtaining, or which may reasonably be expected to encourage or lead to, any actual, proposed or potential Competing Proposal or any other proposal which may otherwise lead to the Transaction not being completed;
- **No talk:** subject to a fiduciary out on market standard terms, Pacific Smiles must not negotiate, accept or enter into, (or offer or agree to do any of those things) any agreement, arrangement or understanding, or facilitate, participate in or continue any negotiations or discussions with any person, regarding any actual, proposed or potential Competing Proposal (or any approach, enquiry, expression of interest, offer, proposal, discussion, negotiation or other communication in connection with, with a view to obtaining, or which may reasonably be expected to encourage or lead to, any actual, proposed or potential Competing Proposal, or which may otherwise lead to the Transaction not being completed) or announce or communicate any intention, willingness or decision to do or become obliged to do these things;
- **No due diligence:** subject to a fiduciary out on market standard terms, Pacific Smiles must not solicit, encourage, facilitate, invite or permit any person to undertake or continue due diligence on the Pacific Smiles Group (or its business, assets or affairs), or disclose or make available any non-public information regarding the Pacific Smiles Group (or its business, assets or affairs) in connection with, with a view to obtaining, or which may reasonably be expected to encourage or lead to any person formulating, submitting or announcing any actual, proposed or potential Competing Proposal or proposal which may otherwise lead to the Transaction not being completed or announce or communicate any intention, willingness or decision to do or become obliged to do these things;
- **Notification obligations:** Pacific Smiles must notify NDC Bidco (within 24 hours) if it becomes aware of any discussion, negotiation, communication with, approach, enquiry, expression of interest, proposal or offer received by, or request for non-public information regarding the Pacific Smiles Group (or its business, assets or affairs) from, a person in connection with, or which may reasonably be expected to lead to, any actual, proposed or potential Competing Proposal or any other proposal which may otherwise lead to the Transaction not being completed, wither direct or indirect, solicited or unsolicited and in writing or otherwise; and
- **Matching right:** no Pacific Smiles Director may withdraw or change their recommendation, or publicly support or endorse a Competing Proposal and Pacific Smiles may not enter into any agreement, arrangement or understanding or become obliged to give effect to any actual, proposed or potential Competing Proposal or cost reimbursement or similar unless:
 - the Board, acting in good faith and reasonably, has determined that the Competing Proposal is a Superior Proposal, and compliance with the no talk and no due diligence obligations noted above would (or would be reasonably likely to) constitute a breach of any of the Pacific Smiles Directors' fiduciary or statutory duties;

09 Additional information

- Pacific Smiles has provided NDC Bidco with notice of the Competing Proposal and given NDC Bidco at least until 11:59pm on the Business Day after that notice was provided to provide a matching or superior offer to the Competing Proposal (**Counterproposal**); and
- either NDC Bidco does not provide any such Counterproposal within that period, or the Board has determined, in good faith and acting reasonably, that such Counterproposal would not produce an equivalent or superior outcome for Pacific Smiles Shareholders (as a whole) as compared to the outcome that would be produced by the Competing Proposal, taking into account all respective terms and conditions.

Each of the above exclusivity provisions do not apply to require Pacific Smiles to take any action (or omit to take any action) to the extent that such action or omitting to take such action constitutes a breach of any provision of the Genesis Capital Process Deed or prevent Pacific Smiles from taking any action (or omitting to take any action) to the extent expressly required in order to comply with its non-discretionary obligations under the Genesis Capital Process Deed. Such obligations under the Genesis Capital Process Deed have expired.

(g) Break fee

The Scheme Implementation Deed contains customary provisions requiring Pacific Smiles to, in specified circumstances, pay to NDC Bidco a Break Fee of \$3,098,631.76 (excluding GST) (which is approximately 1% of the aggregate Scheme Consideration).

The obligation to pay the Break Fee will be triggered in any of the following circumstances:

- **Recommendation of Pacific Smiles Directors:** during the Exclusivity Period, any Pacific Smiles Director fails to make their recommendation, withdraws or adversely changes their recommendation or publicly supports or endorses a Competing Proposal, in each case provided that NDC Bidco has terminated the Scheme Implementation Deed (see Section 9.1(h) below), other than where:
 - the Independent Expert concludes that the Scheme is not in the best interests of Pacific Smiles Shareholders, or having concluded that, withdraws or adversely changes that conclusion (except where wholly or partly as a result of the existence or announcement of a Competing Proposal); or
 - Pacific Smiles terminates the Scheme Implementation Deed due to a material breach of NDC Bidco (see Section 9.1(h) below);
- **Completion of a Competing Proposal:** at any time before the End Date, a Competing Proposal is announced and, within 9 months of the date of such announcement, a person completes a Competing Proposal or otherwise acquires a Relevant Interest, economic interest or voting power in respect of 50% or more of the Pacific Smiles Shares;
- **Material breach by Pacific Smiles:** NDC Bidco terminates the Scheme Implementation Deed due to a material breach by Pacific Smiles (see Section 9.1(h) below); or
- **Obligation to give effect to a Competing Proposal:** at any time before termination of the Scheme Implementation Deed, Pacific Smiles enters into an implementation agreement (or similar document) with a Third Party in respect of a Competing Proposal (other than a confidentiality agreement) under which the parties agree to undertake or give effect to the Competing Proposal, or Pacific Smiles otherwise becomes obliged to undertake or give effect to a Competing Proposal.

The circumstances in which the reimbursement fee is payable do not include where the Scheme Implementation Deed is terminated because the Conditions are not satisfied (including failure by Pacific Smiles Shareholders to approve the Scheme Resolution).

(h) Termination

Each of Pacific Smiles and NDC Bidco may terminate the Scheme Implementation Deed for breach or non-fulfilment of a Condition by the relevant date (except where the breach or non-fulfilment of that Condition arose due to a breach of the Scheme Implementation Deed by that party).

In addition, NDC Bidco may terminate the Scheme Implementation Deed before 8:00am on the Second Court Date if:

- any Pacific Smiles Director fails to make their recommendation, withdraws or adversely changes their recommendation or publicly supports or endorses a Competing Proposal;
- the Pacific Smiles Board determines that a Competing Proposal is a Superior Proposal; or
- Pacific Smiles enters into an agreement in relation to a Competing Proposal or pursuant to which it becomes obliged to implement a Competing Proposal (excluding entering into a confidentiality deed which does not impose any obligation on Pacific Smiles to pay any break fee or cost reimbursement, continue to make available any non-public information or otherwise take action which constitutes a breach of the exclusivity provisions).

Pacific Smiles may terminate the Scheme Implementation Deed before 8:00am on the Second Court Date if a majority of Pacific Smiles Directors publicly withdraw or adversely change their recommendation, or recommend a Competing Proposal, provided that it has paid the Break Fee (if it will become payable) and:

- the Pacific Smiles Board has determines that a Competing Proposal constitutes a Superior Proposal, and the exclusivity provisions (including the matching rights process) have been complied with; or
- the Independent Expert concludes that the Scheme is not in the best interests of Pacific Smiles Shareholders or, having concluded that, withdraws or adversely changes that conclusion (except where wholly or partly as a result of a Competing Proposal).

9.2 Pacific Smiles incentive arrangements

(a) Overview of long term incentive arrangements

Pacific Smiles currently operates the Long Term Incentive Plan Rules (**LTI Plan Rules**) pursuant to which all Pacific Smiles Performance Rights on issue as at the date of this Scheme Booklet were issued.

Each Pacific Smiles Performance Right entitles the holder to receive one Pacific Smiles Share for no cash consideration, subject to the relevant performance hurdles being met over the applicable performance period. The Pacific Smiles Performance Rights will expire and lapse at the end of the applicable performance period to the extent the relevant performance hurdles have not been met.

09 Additional information

The Pacific Smiles Performance Rights comprise the following tranches held by Pacific Smiles employees.

Tranche	Number on issue as at Last Practicable Date ³⁵	Performance period and performance hurdles
Tranche 7	1,181,957	<p>30 November 2020 – 30 November 2024</p> <p>Long term incentive performance hurdle:</p> <ul style="list-style-type: none"> Total Shareholder Return over the performance period, based on the 60-day VWAP at the beginning of the performance period against the 60-day VWAP at the end of the performance period. <p>Vesting will be impacted upon a 'change of control' under the terms of the LTI Plan Rules (see Section 9.2(d) below).</p>
Tranche 8	1,073,321	<p>30 November 2021 – 30 November 2025</p> <p>Long term incentive performance hurdle:</p> <ul style="list-style-type: none"> Total Shareholder Return over the performance period, based on the 60-day VWAP at the beginning of the performance period against the 60-day VWAP at the end of the performance period. <p>Vesting will be impacted upon a 'change of control' under the terms of the LTI Plan Rules (see Section 9.2(d) below).</p>
Tranche 9	509,597	<p>1 July 2023 – 30 June 2026</p> <p>Long term incentive performance hurdles:</p> <ul style="list-style-type: none"> Absolute EPS, being the reported underlying net profit after tax in FY26 divided by the weighted average number of Pacific Smiles Shares on issue at the time; Absolute ROE, being an average of the reported underlying net profit after tax (divided by the weighted average number of Pacific Smiles Shares on issue) in each financial year in the performance period Total Shareholder Return over the performance period, based on the 90-day VWAP at the beginning of the performance period (plus any dividends paid during the performance period) against the 90-day VWAP at the end of the performance period. <p>Vesting will be impacted upon a 'change of control' (see Section 9.2(d) below).</p>
Tranche 10	57,143	Tranche 10 will vest upon a 'change of control' occurring before 31 December 2024.
Tranche 11	78,948	Tranche 11 will vest upon a 'change of control' occurring before 31 December 2024.
Total	2,900,966	

35. As noted in Section 5.5(b), Ciara Rocks has resigned with effect from 20 June 2024. Ms Rocks currently holds 537,559 Pacific Smiles Performance Rights (comprising 248,558 tranche 7, 225,712 tranche 8 and 63,289 tranche 9 Pacific Smiles Performance Rights) which will lapse following the date on which she ceases employment.

Additionally, in connection with the appointment of Mr Andrew Vidler as Chief Executive Officer and Managing Director on 15 January 2024, Pacific Smiles granted Pacific Smiles Cash Rights to Mr Vidler as a long term incentive alternative to issuing Pacific Smiles Performance Rights (which would require the approval of Pacific Smiles Shareholders). Mr Vidler was appointed after the Initial Genesis Capital Indicative Proposal was announced and Cash Rights were granted in order to attract and retain a Chief Executive Officer during the period where a potential control transaction would be considered.

The Pacific Smiles Cash Rights are a contractual right granted by Pacific Smiles for Mr Vidler to be paid up to \$225,600 in cash, subject to the applicable long term incentive performance hurdles noted above for the tranche 9 Pacific Smiles Performance Rights being met. The Pacific Smiles Cash Rights do not entitle Mr Vidler to receive any Pacific Smiles Shares or any other securities in Pacific Smiles.

If the Scheme does not become Effective, Pacific Smiles intends to seek approval for issue of up to 186,446 Pacific Smiles Performance Rights to Mr Vidler at its 2024 annual general meeting, which (if issued) will replace the Pacific Smiles Cash Rights and be on the same terms as the tranche 9 Pacific Smiles Performance Rights noted above.

(b) Overview of short-term incentive arrangements

In FY24, Pacific Smiles operated a short-term incentive plan pursuant to which eligible Pacific Smiles employees will receive an award subject to performance hurdles being met over the relevant financial year.

Under the FY24 short-term incentive offer, any award will be settled 67% in cash and 33% in Pacific Smiles Performance Rights (or, in the case of Mr Vidler, Pacific Smiles Cash Rights). Any such Pacific Smiles Performance Rights and Pacific Smiles Cash Rights automatically vest one-year after grant, subject to the relevant holder remaining employed.

(c) Intentions for incentive arrangements from the date of this Scheme Booklet

Between the date of this Scheme Booklet and the Scheme Record Date, Pacific Smiles may issue the following Pacific Smiles Incentives:

- such number of Pacific Smiles Performance Rights or Pacific Smiles Cash Rights (as applicable) to the extent the Pacific Smiles Board determines to settle an eligible portion of the FY24 short-term incentive award payable to Pacific Smiles employees in that manner;
- such number of new Pacific Smiles Performance Rights to Pacific Smiles employees who are not Directors for the purposes of retention;
- to any person who has been hired or engaged to fill a vacant position, such number of Pacific Smiles Performance Rights on substantially equivalent terms as the current employee; and
- if the Scheme becomes Effective after 30 November 2024, the Board will consider whether any new Pacific Smiles Performance Incentives need to be offered to employees in lieu of an FY25 long term incentive. Award of any Pacific Smiles Performance Rights as FY25 incentives benefits will only be considered by the Board if the Scheme is not Effective by this date,

in each case, up to a maximum amount agreed between Pacific Smiles and NDC.

09 Additional information

(d) Treatment of Pacific Smiles Incentives in connection with the Scheme

Treatment under LTI Plan Rules

For the purposes of the Pacific Smiles Incentives, a 'change of control' under the LTI Plan Rules (as approved by Pacific Smiles Shareholders) and the terms of the Pacific Smiles Incentives is expected to occur following Court approval of the Scheme at the Second Court Hearing.

The LTI Plan Rules approved by Pacific Smiles Shareholders and the terms and conditions upon which they were offered stipulate the following treatment upon a "change of control" which apply to the tranche 7 and 8 Pacific Smiles Performance Rights:

- a pro-rata proportion (on a time basis for the proportion of the performance period which has elapsed at the time of the Second Court Hearing) will automatically vest (**Pro-rata Performance Rights**); and
- the Pacific Smiles Board has discretion as to how to treat the balance which do not automatically vest. The Board intends to lapse these remaining Performance Rights (see below further description of the Board's intentions regarding the exercise this discretion).

Following shareholder feedback in FY23, Pacific Smiles undertook an extensive review of its remuneration framework. As a result, all future issues of Pacific Smiles Performance Rights offered under the LTI Plan Rules from that point onwards (being tranches 9, 10 and 11) were awarded under revised terms and conditions with respect to the treatment upon a 'change of control'. In particular, the updated terms and conditions replaced the concept of Pro-rata Performance Rights, and instead provides the Board with discretion as to how all of those tranches of Pacific Smiles Performance Rights are treated upon a change of control, having regard to the prevailing circumstances.

Therefore, for the tranche 9 Pacific Smiles Performance Rights and the Pacific Smiles Cash Rights on issue, the Board intends to vest such number of Pacific Smiles Performance Rights and Pacific Smiles Cash Rights upon the Scheme becoming Effective based on measurement against the applicable performance hurdles, with the balance lapsing (see below further description of the Board's intentions regarding the exercise of this discretion).

Scheme Implementation Deed

Subject to the Scheme becoming Effective, under the Scheme Implementation Deed, Pacific Smiles must take such action as is necessary to ensure that either:

- all of the Pacific Smiles Performance Rights vest and convert into Pacific Smiles Shares prior to the Record Date; or
- all of the Pacific Smiles Incentives lapse prior to the Implementation Date,

and otherwise ensure that, as at the Implementation Date, there are no outstanding Pacific Smiles Incentives on issue.

Pacific Smiles Board's intentions as to exercise of discretion

Given the LTI Plan Rules stipulate the Pro-rata Performance Rights will automatically vest upon a 'change of control', the Pacific Smiles Board is not required to exercise any discretion in respect of those performance rights where these terms and conditions apply.

With respect to the balance of the Pacific Smiles Incentives, as required under the Scheme Implementation Deed and permitted under the LTI Plan Rules, the Board (with Mr Vidler abstaining in respect of the Pacific Smiles Cash Rights) has resolved, subject to the Scheme becoming Effective, that:

- the tranche 7 and 8 Pacific Smiles Performance Rights which are not Pro-rata Performance Rights will lapse upon the Scheme becoming Effective;
- the tranche 9 Pacific Smiles Performance Rights will be tested against their respective performance hurdles as if the Second Court Date is the end of the performance period, all performance hurdles not met will result in the lapse of that proportion of Pacific Smiles Performance Rights;

- the Pacific Smiles Cash Rights granted in FY24 will be tested against their long term performance hurdles as if the Second Court Date is the end of the performance period, all performance hurdles not met will result in the lapse of that proportion of Pacific Smiles Cash Rights; and
- the tranche 10 and 11 Pacific Smiles Performance Rights and any new Pacific Smiles Incentives issued following the date of this Scheme Booklet (see Section 9.2(c)) will fully vest upon the Scheme becoming Effective. If the Scheme does not become Effective by the End Date, the Performance Rights will lapse.

Proposed treatment of Pacific Smiles Incentives

The number of Pacific Smiles Incentives which will vest and lapse upon the Scheme becoming Effective will therefore depend on:

- the time at which that occurs with respect to the Pro-rata Performance Rights; and
- the extent to which the long term and short term incentive performance hurdles are met for the balance of the tranche 7 and 8 Pacific Smiles Performance Rights, all of the tranche 9, 10 and 11 Pacific Smiles Performance Rights and all of the Pacific Smiles Cash Rights.

Therefore, if the Scheme becomes Effective, given the intended exercise of the Board's discretion with respect to the Pacific Smiles Cash Rights (that is, to test against the performance hurdles as if the Second Court Date is the end of the performance period), it is currently expected that Mr Vidler will be paid a cash payment equal to a portion of the \$225,600 maximum value of the Pacific Smiles Cash Rights.

If the Scheme does not become Effective, the relevant performance hurdles for each of the Pacific Smiles Incentives will be tested at the end of the applicable performance period to determine whether those Pacific Smiles Incentives will vest or lapse.

9.3 Regulatory relief

(a) ASIC relief

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires Pacific Smiles to disclose in the Scheme Booklet whether, within the knowledge of the Pacific Smiles Directors, the financial position of Pacific Smiles has materially changed since the date of the last balance sheet laid before Pacific Smiles in general meeting or sent to Pacific Smiles Shareholders in accordance with section 314 or 317 of the Corporations Act, as well as full particulars of any changes.

ASIC has granted in-principle relief from this requirement so that this Scheme Booklet only needs to disclose whether, within the knowledge of the Pacific Smiles Directors, the financial position of Pacific Smiles has materially changed since 31 December 2023 (being the last date of the period to which the reviewed financial statements for the half-year ended 31 December 2023 relate), as well as full particulars of any changes.

(b) ASX confirmation

Pacific Smiles has sought confirmation from ASX that the proposed timetable for the Scheme is acceptable to ASX. ASX has confirmed it has no objection to the proposed timetable.

9.4 Consents and disclosures

The following parties have given, and have not withdrawn before the Last Practicable Date, their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Greenhill & Co. Australia Pty Limited, as financial adviser to Pacific Smiles in relation to the Scheme;
- Automic Pty Ltd, as Registry; and
- Gilbert + Tobin, as Australian legal adviser to Pacific Smiles in relation to the Scheme.

09 Additional information

Additionally, Deloitte Corporate Finance Pty Limited has given, and has not withdrawn before the Last Practicable Date, its consent to:

- be named in this Scheme Booklet as the Independent Expert in the form and context in which it is named;
- the inclusion of the Independent Expert's Report in the form and context in which it is included in this Scheme Booklet; and
- the inclusion of statements and references in this Scheme Booklet which are based on or referable to statements made in the Independent Expert's Report in the form and context in which each such reference is included.

NDC BidCo Pty Ltd has given, and has not withdrawn before the date of this Scheme Booklet, its consent to:

- be named in this Scheme Booklet in the form and context in which it is named; and
- the inclusion of the NDC Information in this Scheme Booklet in the form and context in which that information is included.

Each person named above:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this Section 9.4; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to in this Scheme Booklet which has been included with the consent of that party as specified above.

9.5 Fees and expenses

Each person named in Section 9.4 above as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Pacific Smiles expects to pay (in aggregate) approximately \$8.1 million (excluding GST and disbursements) in external transaction costs and other payments relating to the Scheme and the preparation of this Scheme Booklet. This includes advisory fees and expenses for professional services provided to Pacific Smiles (including for financial, legal and tax advisers), the Independent Expert's fees, Court fees, Registry fees, typesetting, printing and mailing costs, expenses associated with convening the Scheme Meeting as well as payment of the Genesis Capital's reimbursable costs (see Section 4.1).

If the Scheme is not implemented, Pacific Smiles expects to pay (in aggregate) approximately \$2.9 million (excluding GST and disbursements) in external transaction costs, being those costs which have already been incurred as at the Last Practicable Date or will be incurred even if the Scheme is not implemented, including payment of the Genesis Capital's reimbursable costs (see Section 4.1) (but excluding any Break Fee that may be payable to NDC Bidco).

9.6 Continuous disclosure

Pacific Smiles is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Pacific Smiles has an obligation (subject to limited exceptions) to notify ASX immediately upon becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Pacific Smiles Shares.

Copies of documents filed with ASX may be obtained from ASX's website (www.asx.com.au).

Additionally, Pacific Smiles is required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Pacific Smiles may be obtained from, or inspected at, an ASIC office.

9.7 Directors' statement

The issue of this Scheme Booklet has been unanimously authorised by the Pacific Smiles Board.

The Pacific Smiles Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

9.8 Other

(a) Lodgement of Scheme Booklet with ASIC

A draft copy of this Scheme Booklet was lodged with ASIC on 7 June 2024 in accordance with section 411(2)(b) of the Corporations Act.

(b) Other material information

Other than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Attachments to this Scheme Booklet, there is no information that is material to the making of a decision by Pacific Smiles Shareholders in relation to the Scheme, being information that is known to any Pacific Smiles Director, as at the Last Practicable Date, which has not been previously disclosed to Pacific Smiles Shareholders.

(c) Supplementary information

If Pacific Smiles becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet has occurred; and
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC:

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Pacific Smiles may circulate and publish any supplementary document by:

- making an announcement to ASX;
- despatching the supplementary document to Pacific Smiles Shareholders in the manner this Scheme Booklet is despatched; and/or
- posting a statement on Pacific Smiles' website at <https://investors.pacificsmilesgroup.com.au/Investors/>.

Pacific Smiles at 1

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Glossary

10 Glossary

Term	Meaning
AEST	Australian Eastern Standard Time
Aggregate Scheme Consideration	the Scheme Consideration multiplied by the total number of Scheme Shares
ASIC	the Australian Securities and Investments Commission
Associate	the meaning given in section 12 of the Corporations Act
ASX	ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it
ASX Listing Rules	the official listing rules of the ASX
Attachment	an attachment to this Scheme Booklet
ATO	the Australian Taxation Office
AUD or \$	Australian dollars
Break Fee	\$3,098,631.76 being approximately 1% of the aggregate Scheme Consideration (excluding GST)
Business Day	the meaning given in the ASX Listing Rules
CGT	capital gains tax
CHESS	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Ltd (ABN 49 008 504 532)
Competing Proposal	<p>any offer, proposal, expression of interest, transaction, agreement or arrangement (whether existing before, on or after the date of the Scheme Implementation Deed) which, if entered into or completed substantially in accordance with its terms would:</p> <ul style="list-style-type: none"> (a) require the Transaction not being implemented substantially in accordance with the terms of the Scheme Implementation Deed or requiring NDC Bidco or Pacific Smiles to abandon, or otherwise fail to proceed with, the Transaction; (b) result in a person either alone or together with any of its Associates (other than NDC Bidco, Crescent Capital or their respective Associates or Related Bodies Corporate): <ul style="list-style-type: none"> (i) directly or indirectly acquiring, receiving, becoming the holder of, having the right to acquire, or otherwise obtain: <ul style="list-style-type: none"> (A) a Relevant Interest in; (B) a legal, beneficial or economic interest (including by way of any equity swap, contract for difference or other derivative, or similar transaction or arrangement) in; or (C) control of, <p>20% or more of the issued shares of Pacific Smiles;</p>

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Term	Meaning
Competing Proposal continued	<p>(ii) directly or indirectly acquiring, receiving, becoming the holder of, having the right to acquire, or otherwise obtain, a legal, beneficial or economic interest (including by way of any equity swap, contract for difference or other derivative, or similar transaction or arrangement) in, or control of:</p> <p>(A) 20% or more of the issued shares of Pacific Smiles; or</p> <p>(B) all or a material part of the business or assets of Pacific Smiles and its subsidiaries (taken as a whole); or</p> <p>(iii) directly or indirectly acquiring Control of Pacific Smiles or any material Related Body Corporate of Pacific Smiles; or</p> <p>(iv) otherwise directly or indirectly acquiring or merging with Pacific Smiles or any material Related Body Corporate of Pacific Smiles,</p> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. For the avoidance of doubt, each successive material modification or variation of any proposal, offer, expression of interest, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal</p>
Condition	a condition set out in clause 3.1 of the Scheme Implementation Deed as summarised in Section 9.1(a) of this Scheme Booklet
Control	the meaning given in section 50AA of the Corporations Act
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth)
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Pacific Smiles and NDC Bidco
Crescent	Crescent Capital Partners Management Pty Ltd (ACN 108 571 820)
Crescent Capital	Crescent Capital Pty Limited (ACN 109 446 657)
Deed Poll	the deed poll entered into by NDC Bidco in the form of Attachment D to this Scheme Booklet
EBITDA	earnings before interest, taxes, depreciation, and amortisation
Effective	the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme
Effective Date	the date on which the Scheme becomes Effective, which is expected to be 5 August 2024
End Date	31 December 2024 or such later date as NDC Bidco and Pacific Smiles may agree in writing
Exclusivity Period	the period from the date of the Scheme Implementation Deed until the earlier of the End Date or termination of the Scheme Implementation Deed

Term	Meaning
Fairly Disclosed	in relation to any fact, matter, circumstance or event, disclosed to NDC Bidco to a sufficient extent, and in sufficient detail, so as to enable a reasonable and sophisticated bidder who is experienced in transactions similar to the Scheme to identify or otherwise determine the nature and scope of the relevant fact, matter, circumstance or event and, in relation to any fact, matter, circumstance or event in connection with payroll tax or nib Health Funds Ltd (or any of its Related Bodies Corporate), the nature, scope and impact of the relevant fact, matter, circumstance or event
FIRB	the Foreign Investment Review Board
First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act directing Pacific Smiles to convene the Scheme Meeting is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the First Court Hearing
Fund	Crescent Capital Partners VII
FYxx	the financial year ending 30 June xx
Genesis Capital	Genesis Capital Manager I Pty Ltd (ACN 634 339 576)
Genesis Capital Process Deed	the process deed between Pacific Smiles and Genesis Capital dated 19 March 2024, in the form attached to Pacific Smiles' ASX announcement dated 19 March 2024
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including OAIC, ASX, ASIC and the Takeovers Panel)
HIN	Holder Identification Number
Implementation Date	the fifth Business Day after the Scheme Record Date, which is expected to be 19 August 2024, or such other day as NDC Bidco and Pacific Smiles agree in writing
Independent Expert	Deloitte Corporate Finance Pty Limited (ACN 003 833 127 AFSL 241457)
Independent Expert's Report	the report prepared and issued by the Independent Expert in connection with the Scheme in the form of Attachment B to this Scheme Booklet
Initial Genesis Capital Proposal	the non-binding indicative proposal received from Genesis Capital to acquire 100% of Pacific Smiles Shares at \$1.40 each, announced on 18 December 2023
ITAA 1936	the <i>Income Tax Assessment Act 1936</i> (Cth)
ITAA 1997	the <i>Income Tax Assessment Act 1997</i> (Cth)
Last Practicable Date	21 June 2024, being the last practicable trading day prior to finalisation of this Scheme Booklet
LTI Plan Rules	the meaning given in Section 9.2(a)
Material Adverse Change	the meaning given in Section 9.1(a)
NDC	National Dental Care

10 Glossary

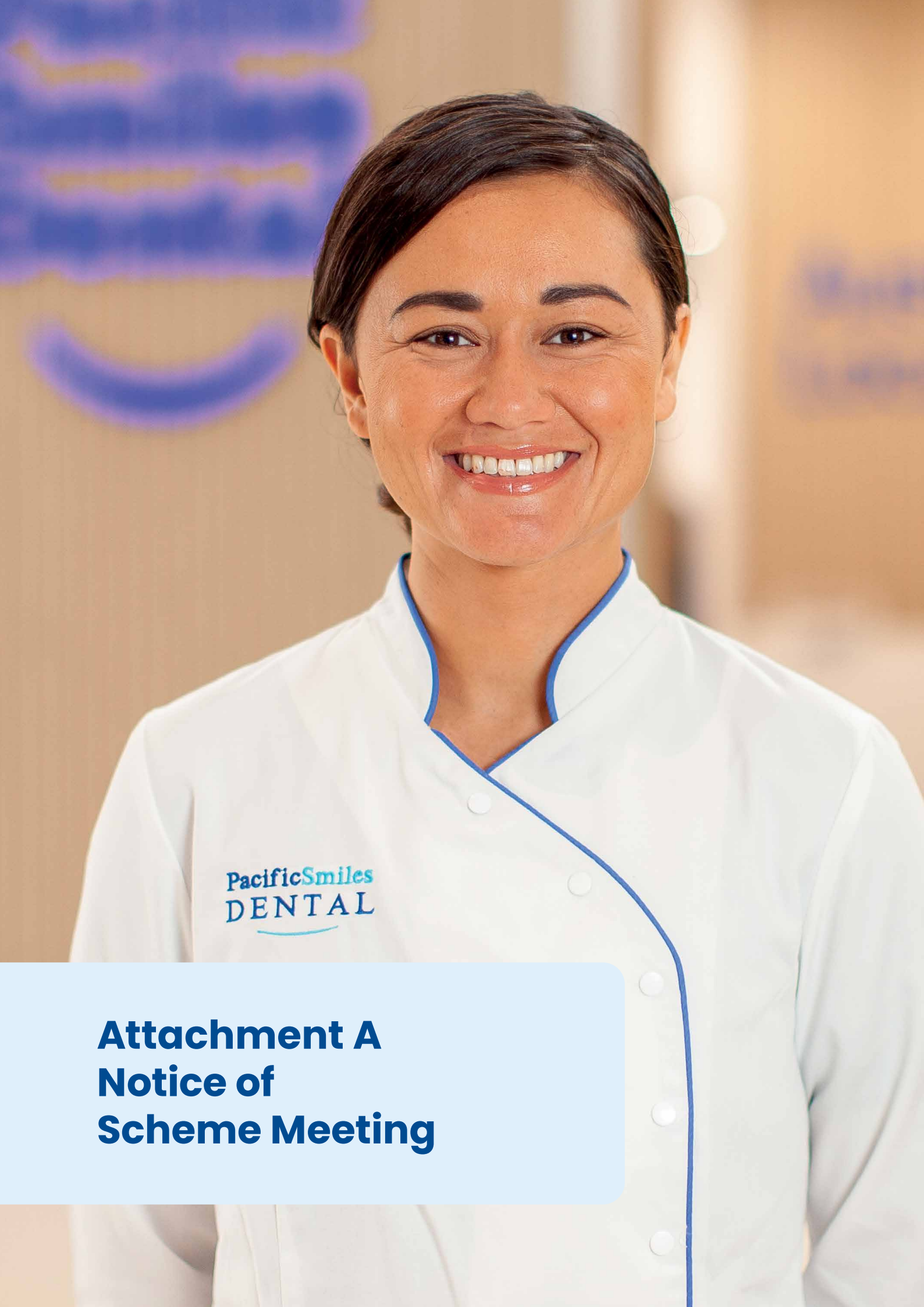
Term	Meaning
NDC Bidco	NDC BidCo Pty Ltd (ACN 676 877 802)
NDC Finco	NDC Finco Pty Ltd (ACN 654 149 818)
NDC Finco 2	NDC Finco 2 Pty Ltd (ACN 676 853 268)
NDC Group	NDC Holdco and each of its subsidiaries, and a reference to a 'NDC Group Member' or a 'member of the NDC Group' is to NDC Holdco or any of its subsidiaries
NDC HoldCo	NDC HoldCo Pty Ltd (ACN 654 148 188)
NDC Information	the information contained in: (a) the following questions and answers in Section 2 of this Scheme Booklet: (i) Who is NDC? (ii) What are NDC Bidco's intentions if the Scheme is implemented? (iii) How is NDC Bidco funding the Scheme Consideration? (b) Section 6 of this Scheme Booklet; and (c) the definitions of 'Fund', 'NDC Bidco', 'NDC Finco', 'NDC Finco 2', 'NDC Group', 'NDC HoldCo', 'Crescent Capital', 'Crescent' and 'NDC Information' in this Scheme Booklet
Notice of Scheme Meeting	the notice of meeting in respect of the Scheme as set out in Attachment A to this Scheme Booklet
OAIC	the Office of the Australian Information Commissioner
Pacific Smiles	Pacific Smiles Group Limited (ACN 103 087 449)
Pacific Smiles Board or Board	the board of directors of Pacific Smiles
Pacific Smiles Cash Rights	the contractual rights to cash granted to Andrew Vidler as a long-term incentive as announced to ASX on 19 December 2023
Pacific Smiles Director or Director	a director of Pacific Smiles
Pacific Smiles Group	Pacific Smiles and each of its Related Bodies, and a reference to a 'Pacific Smiles Group Member' or a 'member of the Pacific Smiles Group' is a reference to Pacific Smiles or any of its Related Bodies Corporate
Pacific Smiles Incentives	the Pacific Smiles Performance Rights and the Pacific Smiles Cash Rights
Pacific Smiles Information	all information in this Scheme Booklet other than the NDC Information and the Independent Expert's Report
Pacific Smiles Performance Rights	the Pacific Smiles performance rights issued under the LTI Plan Rules
Pacific Smiles Share	a fully paid ordinary share in the capital of Pacific Smiles
Pacific Smiles Shareholder	a registered holder of one or more Pacific Smiles Shares, as shown in the Share Register
Permitted Dividend	a fully franked cash dividend in the amount of not more than \$0.12 per Pacific Smiles Share that may be declared by the Pacific Smiles Board subject to the terms of the Scheme Implementation Deed, and paid subject to the Scheme becoming Effective

Term	Meaning
Permitted Dividend Record Date	7:00pm (AEST) on 8 August 2024, or such other time as NDC Bidco and Pacific Smiles agree in writing
Prescribed Occurrence	the occurrence of any of the matters set out in Schedule 4 of the Scheme Implementation Deed
Registry or Automatic	Automatic Pty Ltd (ACN 152 260 814)
Related Body Corporate	has the meaning given in section 50 of the Corporations Act
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Relevant Restraint	has the meaning given in Section 4.5(a)
Representative	in respect of a party, an employee, agent, officer, director, adviser or financier of that party (or of a Related Body Corporate of that party), and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable)
Requisite Majorities	(a) unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or, in the case of corporate Pacific Smiles Shareholders, by a corporate representative); and (b) at least 75% of the total number of votes cast on the Scheme Resolution
Revised Genesis Capital Indicative Proposal	the revised non-binding indicative proposal from Genesis Capital to acquire 100% of the Pacific Smiles Shares for \$1.75 each, announced on 19 March 2024
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Pacific Smiles and the Scheme Shareholders, in the form of Attachment C to this Scheme Booklet or such other form as agreed in writing between NDC Bidco and Pacific Smiles, subject to any alterations or conditions that are: (a) agreed to in writing by Pacific Smiles and NDC Bidco, and approved by the Court; or (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Pacific Smiles and NDC Bidco
Scheme Booklet	this explanatory statement in respect of the Scheme prepared by Pacific Smiles in accordance with section 412 of the Corporations Act and in accordance with the terms of the Scheme Implementation Deed
Scheme Consideration	the consideration to be provided by NDC Bidco to each Scheme Shareholder, being \$1.90 cash per Scheme Share, less the cash amount of any Permitted Dividend that the Pacific Smiles Board decides to pay and is paid on or before the Implementation Date, as adjusted for any Ticking Fee which may accrue
Scheme Implementation Deed	the scheme implementation deed entered into by Pacific Smiles and NDC Bidco on 28 April 2024 (as amended)
Scheme Meeting	the meeting of Pacific Smiles Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider the Scheme and vote on the Scheme Resolution, and includes any adjournment or postponement of that meeting

10 Glossary

Term	Meaning
Scheme Record Date	7:00pm (AEST) on the fifth Business Day after the Effective Date, or such other time and date as NDC Bidco and Pacific Smiles agree in writing (which is currently expected to be 7:00pm (AEST) on 12 August 2024)
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting in Attachment A to this Scheme Booklet, being a resolution to approve the Scheme
Scheme Share	a Pacific Smiles Share held by a Scheme Shareholder as at the Scheme Record Date
Scheme Shareholder	a Pacific Smiles Shareholder as at the Scheme Record Date
Second Court Date	the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the Second Court Hearing
Section	a section of this Scheme Booklet
SFA	Pacific Smiles' services and facilities agreements with dentists it is engaged by
Share Register	the register of members maintained by Pacific Smiles in accordance with the Corporations Act
SRN	Security Reference Number
Superior Proposal	<p>a bona fide Competing Proposal which at least a majority of the Pacific Smiles Board, acting in good faith and in order to satisfy what at least a majority of the Board considers to be its fiduciary or statutory duties, and after having obtained advice from its legal and financial Advisers, determines:</p> <p>(a) is reasonably capable of being completed in accordance with its terms in a reasonable time; and</p> <p>(b) would be reasonably likely to be more favourable to Pacific Smiles Shareholders than the Scheme (as may be amended or varied following application of the matching rights process described in Section 9.1(f)),</p> <p>taking into account all aspects of the Competing Proposal, including its conditions, the identity and the financial condition of the person making such proposal and all relevant legal, regulatory and financial matters</p>
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
Tax	any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, charge, fee or any other amount imposed on, or in respect of the above
Tax Act	the ITAA 1936, the ITAA 1997 and/or the <i>Taxation Administration Act 1953</i> (Cth)
Third Party	a person other than NDC Bidco, NDC HoldCo, Crescent Capital and their respective Associates
Ticking Fee	has the meaning given in Section 4.5(a)
Total Cash Value	<p>\$1.90 per Pacific Smiles Share, comprising:</p> <p>(a) the Scheme Consideration, payable by NDC Bidco; and</p> <p>(b) any Permitted Dividend, payable by Pacific Smiles</p>

Term	Meaning
Transaction	the acquisition of Pacific Smiles Shares by NDC Bidco by means of the Scheme
Transaction Costs	<p>all third party adviser costs, fees and expenses (exclusive of GST to the extent input tax credits are available) that are incurred or paid, have been agreed to be incurred or paid, or are payable, in connection with the transactions contemplated by the Scheme Implementation Deed, the Scheme and the Deed Poll (or any Competing Proposal) and all bonuses, incentives and other payments to directors, officers, employees of the Pacific Smiles Group (inclusive of superannuation) that are incurred or paid, have been agreed to be incurred or paid, or are payable, by any member of the Pacific Smiles Group (other than those listed in an incentives schedule agreed between Pacific Smiles and NDC Bidco) in connection with the transactions contemplated by the Scheme Implementation Deed, the Scheme and the Deed Poll (or any Competing Proposal) or as a result of the implementation of the Scheme, and also includes any costs, fees and expenses associated with:</p> <p>(a) any directors' and officers' run-off insurance policy taken out in accordance with clause 6.11 of the Scheme Implementation Deed; and</p> <p>(b) any break fee, cost reimbursement or cost sharing agreement with any person in connection with a Competing Proposal</p>
Undisturbed VWAP	the meaning given in the Chairperson's Letter
Voting Power	the meaning given in section 610 of the Corporations Act



PacificSmiles
DENTAL

Attachment A Notice of Scheme Meeting

Attachment A

Notice of Scheme Meeting

Notice of Scheme Meeting

Notice is hereby given that, by an order of the Supreme Court of New South Wales (Court) made on 25 June 2024 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of fully paid ordinary shares in Pacific Smiles Group Limited (ACN 103 087 449) (**Pacific Smiles**) will be held at 11:30am (AEST) on 1 August 2024 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online at https://us02web.zoom.us/webinar/register/WN_as3PWCsxRgmuv7SchTU3bQ (**Scheme Meeting**).

Pacific Smiles Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting, or will not have access to a device and the internet, are strongly encouraged to submit a directed proxy vote as early as possible and in any event by no later than 11:30am (AEST) on 30 July 2024. This can be done by completing and submitting a proxy form in accordance with the instructions on that form or by lodging the proxy form online at <https://investor.automic.com.au/#/loginsah> in accordance with the instructions given there.

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement proposed to be entered into between Pacific Smiles and the holders of fully paid ordinary shares in Pacific Smiles (Scheme) (with or without any modifications, alterations or conditions approved by the Court to which Pacific Smiles and NDC BidCo Pty Ltd (ACN 676 877 802) agree in writing).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed to be entered into between Pacific Smiles Group Limited and the holders of fully paid ordinary shares in Pacific Smiles Group Limited, as contained and more particularly described in the Scheme Booklet, of which the notice convening this meeting forms part, be approved (with any modifications, alterations or conditions required by the Supreme Court of New South Wales to which Pacific Smiles Group Limited and NDC BidCo Pty Ltd agree in writing) and, subject to approval of the Scheme by the Supreme Court of New South Wales, the board of directors of Pacific Smiles Group Limited be authorised to implement the proposed scheme of arrangement with any such modifications, alterations or conditions."

Chairperson

The Court has directed that Ms Zita Peach is to act as chairperson of the Scheme Meeting (and that, if she is unable or unwilling to attend, Ms Giselle Collins is to act as chairperson of the Scheme Meeting).

By order of the Court and the board of directors of Pacific Smiles



Zita Peach
Chairperson

Pacific Smiles Group Limited
26 June 2024

Attachment A Notice of Scheme Meeting

EXPLANATORY NOTES

This Notice of Scheme Meeting should be read in conjunction with the Scheme Booklet of which the notice forms part. The Scheme Booklet contains important information to assist you to decide how to vote at the Scheme Meeting.

Unless the context requires otherwise, terms used in the notice has the meanings given in the Glossary section of the Scheme Booklet.

Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

- unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Pacific Smiles Shareholders present and voting at the Scheme Meeting (whether in person, attending online, by proxy, by attorney or, in the case of corporate Pacific Smiles Shareholders, by a corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution.

Court approval

If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities and the other Conditions are satisfied or waived (as applicable) in accordance with the terms of the Scheme Implementation Deed, Pacific Smiles intends to apply to the Court on 2 August 2024 for approval of the Scheme.

Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, the time for determining eligibility to vote at the Scheme Meeting is 7:00pm (AEST) on 30 July 2024. Only those Pacific Smiles Shareholders entered on the Share Register at that time will be entitled to attend and vote at the Scheme Meeting.

How to vote

If you are eligible to vote at the Scheme Meeting, you may:

- attend and vote in person at the Scheme Meeting;
- attend and vote online via <https://investor.automic.com.au/#/loginsah>;
- appoint one or two proxies to attend and vote at the Scheme Meeting on your behalf;
- appoint an attorney to attend and vote at the Scheme Meeting on your behalf; or
- if you are a body corporate, appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf.

If you hold Pacific Smiles Shares jointly with one or more other persons, only one of you may vote. If more than one Pacific Smiles Shareholder votes in respect of jointly held Pacific Smiles Shares, only the vote of the Pacific Smiles Shareholder whose name appears first in the Share Register will be counted.

Voting will be conducted by poll.

Voting in person

To vote in person, you must attend the Scheme Meeting on the date and at the place set out in the Notice of Scheme Meeting.

Attending and voting online

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

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

To access the Scheme Meeting virtually:

- 1 Open your internet browser and go to investor.automic.com.au;
- 2 Login with your username and password or click “**register**” if you haven’t already created an account. **Pacific Smiles Shareholders are encouraged to create an account prior to the start of the Scheme Meeting to ensure there is no delay in attending.**
- 3 After logging in, a banner will display at the bottom of your screen to indicate that the Scheme 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 Scheme 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/>.

Asking questions

Pacific Smiles Shareholders are encouraged to submit questions in advance of the Scheme Meeting to Pacific Smiles.

Questions must be submitted in writing to the Company Secretary at belinda.cleminson@automicgroup.com.au at least 48 hours before the Scheme Meeting.

Voting by proxy

You may appoint one or two proxies to attend and vote at the Scheme Meeting on your behalf.

The proxy form is enclosed with the Scheme Booklet. A proxy does not need to hold Pacific Smiles Shares. If you do not instruct your proxy how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

If you appoint two proxies, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes. Please refer to the enclosed proxy form for instructions on completion and lodgement.

Proxy forms must be received by the Registry by no later than 11:30am (AEST) on 30 July 2024. If the Scheme Meeting is adjourned, proxy forms must be received by the Registry at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting.

Attachment A Notice of Scheme Meeting

You must deliver the signed and completed proxy form in one of the following ways:

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, Pacific Smiles 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
By fax	Completing the enclosed proxy form and faxing it to +61 2 8583 3040 (both within and outside Australia).

If a proxy form is completed under power of attorney or other authority, the original or a certified copy of the power of attorney or other authority must accompany the completed proxy form unless the power of attorney or other authority has previously been given to the Registry.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Scheme Meeting, the chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the Scheme Meeting intends to vote all valid undirected proxies which appoint (or are taken to appoint) the chair in favour of the Scheme Resolution.

The appointment of a proxy does not preclude you from attending the Scheme Meeting in person or online, revoking the proxy and voting at the meeting.

Voting by power of attorney

You may appoint an attorney to attend and vote at the Scheme Meeting on your behalf and such attorney can either attend in person at the Scheme Meeting or attend the Scheme Meeting via the online platform.

Powers of attorney must be received by the Registry by no later than 11:30am (AEST) on 30 July 2024. Persons attending the Scheme Meeting as an attorney should bring with them the original or a certified copy of the duly executed power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

The appointment of an attorney does not preclude you from attending the Scheme Meeting in person or online and voting at the meeting.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting (in person or online) will need to register their attendance and identify themselves as an attorney on the day of the Scheme Meeting (in person or online) at the registration desk.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Pacific Smiles Shareholder's name and postcode and the SRN/HIN of the shareholding in order to access the online platform.

Voting by corporate representative (in the case of a body corporate)

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must be in accordance with section 250D of the Corporations Act. The representative must bring the 'Certificate of Appointment of Corporate Representative' as evidence of their appointment to the Scheme Meeting, including any authority under which it is signed, their name and address and the identity of their appointer.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Pacific Smiles Shareholder's name, the SRN/HIN of the shareholding and postcode or country of residence (if outside Australia) in order to access the online platform.

Technical difficulties

Technical difficulties may arise during the Scheme Meeting. The Chair of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed if a technical difficulty arises. In exercising their discretion, the chair will have regard to the number of Pacific Smiles Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where considered appropriate, the chair of the Scheme Meeting may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

In the event of a technological failure that prevents Pacific Smiles Shareholders from having a reasonable opportunity to participate in the Scheme Meeting, Pacific Smiles will provide an update on its website and the ASX to communicate the details of any postponement or adjournment of the Scheme Meeting to Pacific Smiles Shareholders.



Attachment B Independent Expert's Report

Attachment B

Independent Expert's Report

Deloitte.

Pacific Smiles Group Limited

Independent expert's report and Financial Services Guide

21 June 2024

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) has been engaged by Pacific Smiles Group Limited (PSQ) to prepare an independent expert's report (our **Report**) in connection with the proposed acquisition of all PSQ shares by NDC BidCo Pty Ltd (**Proposed Scheme**). PSQ will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

We are providing general financial product advice

In our Report, we provide general financial product advice as we have **not** taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

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1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 300

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21 June 2024

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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The Directors
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21 June 2024

Dear Directors

Re: Independent expert's report

Introduction

On 29 April 2024, Pacific Smiles Group Limited (**PSQ**) announced it had entered into a scheme implementation deed (**SID**) with NDC BidCo Pty Ltd, a wholly owned subsidiary of NDC HoldCo Pty Ltd, operator of the National Dental Care centres (**NDC**). Under the SID, NDC has agreed to acquire all of the issued shares in PSQ (the **Proposed Scheme**) for a cash consideration of \$1.90 per share, less any permitted dividend of up to \$0.12 per share paid by PSQ prior to implementation of the Proposed Scheme (the **Proposed Consideration**).

An overview of the Proposed Scheme is provided in Section 1 of our detailed report, and full details are included in the Explanatory Statement issued by PSQ.

Purpose of the report

The Directors of PSQ have requested Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) to provide an independent expert's report advising whether, in our opinion, the Proposed Scheme is in the best interests of the shareholders of PSQ.

This report is to be included in the Scheme Booklet to be sent to PSQ shareholders and has been prepared for the exclusive purpose of assisting PSQ shareholders in their consideration of the Proposed Scheme. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if this report is used by any other person for any other purpose.

Basis of evaluation

In preparing this report, we have had regard to the ASIC Regulatory Guide 111 in relation to the content of the expert's report and ASIC Regulatory Guide 112 in respect of the independence of the experts.

To assess whether the Proposed Scheme is in the best interests of PSQ shareholders, we have adopted the test of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Further information on the basis of the evaluation is set out in Section 2.



Summary and conclusion

In our opinion, the Proposed Scheme is fair and reasonable to, and therefore in the best interests of, PSQ shareholders. In arriving at this opinion, we have had regard to the following:

The Proposed Scheme is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Scheme is fair, the independent expert is required to compare the market value of a PSQ share on a control basis with the consideration being offered. The Proposed Scheme is fair if the value of the consideration is equal to or greater than the value of a PSQ share. Set out in the table below is that comparison.

Table 1: Comparison of our valuation of a PSQ share to the Proposed Consideration

\$	Section	Low	High
Estimated market value of one PSQ share	4.1	1.80	2.17
Proposed Consideration	1.1	1.90	1.90

Note:

Presented assuming no permitted dividend, however, a permitted dividend would have an equal downward impact to the value of the consideration and the value of one PSQ share

Source: Deloitte Corporate Finance analysis

The consideration offered is within the range of our estimate of the market value of a PSQ share. Accordingly, it is our opinion that the Proposed Scheme is fair.

Valuation of a PSQ share

We have estimated the enterprise value of PSQ by applying the market multiples and the discounted cash flow approaches, as set out in the table below.

Table 2: Valuation of a PSQ share

\$m (unless otherwise stated)	Section	Low	High
Market multiples approach	4.3	275.5	304.5
Discounted cash flow approach	4.4	290.0	370.0
Enterprise value (selected)		280.0	340.0
Add/(less): Surplus assets/(liabilities)	4.5	-	-
Add: Net cash	4.6	11.3	11.3
Equity value (control basis)		291.3	351.3
Number of shares (No.)	4.7	161.7	161.7
Equity value per share (\$)		1.80	2.17

Source: Deloitte Corporate Finance analysis

Under the market multiples approach, we have assessed EBITDA to be \$29.0m (on a pre-AASB16 basis), based on our analysis of a normalised EBITDA, and having regard to the current market environment, management's plan for the business and certain costs we consider that a market participant would be able to avoid by taking the business private. The selected earnings multiple of 9.5x to 10.5x was based on the earnings multiples consistent with various transactions and listed companies in the dental services and broader health services sector.

The discounted cash flow approach requires the determination of an appropriate discount rate and the projection of future cash flows. We selected a nominal after tax discount rate in the range of 10% to 11% to discount the estimated future cash flows to their present value. We considered a number of scenarios having regard to PSQ's performance to date, the latent capacity within existing centres, the opportunity for further centre roll-outs which PSQ has historically undertaken, but has paused, and the current economic environment which is causing cost inflation for the business and limiting patient visitation given the discretionary nature of dental services expenditure.

We have selected an enterprise value range of between \$280m and \$340m. We consider that the top end of this range reflects the value of the platform embedded in PSQ which may be available to be realised over the medium to long term.



Our valuation takes account of market participant benefits including listed company cost savings and cost synergies which PSQ shareholders will not benefit from if the Proposed Scheme is unsuccessful.

Additional details of our valuation of PSQ are set out in Section 4.

The Proposed Scheme is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable.

We also highlight the following factors that PSQ shareholders may wish to consider in their assessment of the Proposed Scheme.

Shareholders are receiving a premium to the share price of PSQ prior to the announcement of the Proposed Scheme

The Proposed Consideration represents a substantial premium over the share price of PSQ prior to the announcement of the Proposed Scheme and even higher premiums based on undisturbed share prices being prices prior to the first offer from Genesis on 18 December 2023. The specific premiums are set out in section 1.2 of the Explanatory Statement.

We also highlight that PSQ shares have not traded above \$1.90 (being the Proposed Consideration) since July 2022 and have underperformed the broader Australian share market in recent periods.

There is certainty in the cash consideration

The Proposed Scheme represents an opportunity for PSQ shareholders to realise their investment at \$1.90 per share in cash. Shareholders may also benefit from franking credits that may arise should PSQ decide to pay a permitted dividend. Given that any benefit will be unique to each individual shareholder, we have not valued these different outcomes.

If the Proposed Scheme is unsuccessful, PSQ shareholders will continue to be exposed to the risks and rewards associated with a listed investment on the ASX. This applies to:

- opportunities to the upside such as:
 - to the extent that PSQ management is successfully able to realise the benefits of the embedded capacity in existing centres through growing the number of chairs
 - the successful optimisation of currently underperforming centres and newer cohorts which are yet to ramp up
 - market conditions improving such that the business is able to return to investing in the greenfield expansion strategy.
- downside risks such as:
 - an inability to increase the profitability of underperforming or loss generating centres
 - unfavourable changes to PSQ's material contracts
 - continued elevated levels of cost inflation which are not capable of being recovered through fees
 - sustained economic downturn and reluctance on the part of consumers to spend, noting the discretionary nature of dental services expenditure
 - the possibility of further negative assessments or determinations in respect of payroll tax.

Refer to section 7.2 of the Explanatory Statement for a more comprehensive discussion of risks.

We highlight that PSQ is in a strong financial position with net cash reserves (i.e. no debt). As such, in the absence of a downturn in operations or management electing to pursue a growth strategy that requires substantial investment, it is in a position to continue paying dividends.



The likelihood of an alternative superior offer emerging is low

PSQ was subject to publicly disclosed offers from Genesis, at a price of \$1.40 per share and subsequently a revised price of \$1.75 per share. Both offers are below the current price offered by NDC. PSQ, together with its advisers, has also sought to gauge interest in the business from a range of domestic and international strategic parties and financial sponsors. A number of parties were provided access to non-exclusive due diligence and PSQ management provided multiple presentations on the business to these parties.

Further details on the background to the Proposed Scheme, the process of soliciting alternative proposals undertaken by the Board and their advisers, and interest received in respect of a control transaction involving PSQ is set out in the Chairperson's letter and section 4.1 of the Explanatory Statement.

In addition, subsequent to the announcement of Proposed Scheme, there have not been any other proposals or alternative offers, including from Genesis. Based on this, we consider the likelihood of an alternative and more superior proposal to be low.

PSQ's share price may decline if the Proposed Scheme is not implemented and no superior proposal emerges

Since the announcement of the Proposed Scheme, PSQ's shares have traded at a premium to the share price on the day before the announcement and within 1% of the offer price. This suggests to us that there is an expectation that the Proposed Scheme will proceed.

Prior to the announcement of the original offer from Genesis on 18 December 2023, PSQ's share price was impacted by various operational and financial factors including underperformance of centres opened after 2020, COVID related disruptions, cost increases relating to Fair Work Commission wage increases and the application of payroll tax to SFA dental practitioners. The low level of liquidity in PSQ shares along with attempts by Dr Abrahams to requisition an extraordinary general meeting (due to differing views on company strategy) are also likely to have impacted the share price.

Since the original Genesis offer, we understand that certain institutional investors have sold their interests and Genesis has acquired a 19.9% interest with no clear indication of its intention in respect of the Proposed Scheme including if the Proposed Scheme is unsuccessful.

As noted in section 5.7 of the Explanatory Statement, the likelihood of achieving EBITDA margins in excess of 20% across the portfolio (as previously targeted by the company) is now considered challenging as the centres opened during COVID are taking longer to ramp up than originally expected and fixed costs have increased.

We also highlight that our valuation of PSQ, which has been undertaken on a control basis, takes account of certain benefits that PSQ would not be able to realise on a standalone, ASX listed basis.

Noting the above factors, in the event the Proposed Scheme is unsuccessful and in the absence of an alternative offer, we consider that PSQ's share price may decline to the levels observed prior to the announcement of the Proposed Scheme. Whilst a buyback or capital return may be an option (given the company has a strong cash position) and could potentially support the share price, this would risk further reducing the liquidity of shares over the long-term.

Substantial shareholders have not indicated whether they intend to vote in favour of or against Proposed Scheme

Genesis, which at the time of this report holds 19.9% of shares in PSQ, has not indicated whether it will vote in favour of or against the Proposed Scheme.

Dr Alexander Abrahams (who has historically disagreed with the company's strategy and requisitioned the extraordinary general meeting held in December 2022, whereby Dr Abrahams proposed a vote to remove members of the Board, and which ultimately resulted in the removal of one director) and his associates, collectively hold 12.3% of shares in PSQ. On the date of this report, he has also not indicated whether he intends to vote in favour or against the Proposed Scheme.

Given the substantial shareholdings of Genesis and Dr Alexander Abrahams, there is risk that the Proposed Scheme may not be approved. If this is the case, PSQ shareholders will not be able to realise the benefit of the Proposed Consideration and will continue to remain as shareholders of PSQ.

NDC may be able to realise additional benefits from the acquisition of PSQ

NDC, with its existing business operations in the dental sector, is likely to be able to realise synergies from a combination of their business activities with PSQ. Whilst our valuation has taken account of certain synergies available to a buyer of PSQ, it is possible that NDC is able to extract additional synergies that are unique to it and over and above those factored into our valuation of PSQ.

Opinion

In our opinion, the Proposed Scheme is fair and reasonable, and therefore in the best interests of, PSQ shareholders in the absence of a superior proposal.

An individual shareholder's decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. If in doubt the shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

**Tapan Parekh**

Authorised Representative

AR Number: 461009

Deloitte Corporate Finance Pty Limited (AFSL Number 241457)



Glossary

Reference	Definition
\$	Australian dollars
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
Cohort	Represents a grouping of centres based on by the financial year in which they opened
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation
Explanatory Statement	Document explaining the Proposed Scheme, and contained within the Scheme Booklet
FY	Financial year
Genesis	Genesis Capital Manager I Pty Ltd and associated entities
H1 FYxx	First half of financial year FYxx
HBF	HBF Health Limited

Reference	Definition
Implementation Date	Expected to be 13 August 2024
m	million
NDC	NDC BidCo Pty Ltd, a wholly owned subsidiary of NDC HoldCo Pty Ltd, operator of the National Central Care Centres
NPAT	Net profit after tax
Pacific Smiles, PSQ	Pacific Smiles Group Limited
Proposed Scheme	The proposed transaction whereby NDC has agreed to acquire all of the issued shares in PSQ
PSD	Pacific Smiles Dental
Scheme Booklet	Disclosure document in respect of the Proposed Scheme
SFA	Services and Facility Agreement
SID	Scheme Implementation Deed in respect of the Proposed Scheme
WACC	Weighted average cost of capital

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1 Overview of the Proposed Scheme

1.1 The Proposed Scheme

On 29 April 2024, PSQ announced it had entered into a scheme implementation deed (**SID**) with NDC BidCo Pty Ltd, a wholly owned subsidiary of NDC HoldCo Pty Ltd, operator of the National Dental Care centres (**NDC**).

Under the SID, NDC has agreed to acquire all of the issued shares in PSQ for a cash consideration of \$1.90 per share. If the Proposed Scheme becomes effective, PSQ shareholders will receive:

- **Cash consideration:** of \$1.90 (less the cash amount of any permitted dividend paid) paid by NDC
- **Permitted dividend:** of up to \$0.12 per share, at the discretion of the Directors of PSQ. The Directors have yet to make a decision on the quantum of any dividend.

Subject to the Proposed Scheme becoming effective, and in the event there is a delay to the implementation beyond 28 September 2024 due to certain factors, PSQ shareholders will also be entitled to receive additional consideration. This is referred to as a ticking fee and is described in greater detail in the explanatory statement within the Scheme Booklet (the **Explanatory Statement**).

This SID follows an extensive process that was undertaken to test interest in the company with a range of domestic and international strategic parties and financial sponsors. A number of parties were provided access to non-exclusive due diligence and PSQ management provided multiple presentations on the business to these parties. The publicly disclosed offers received by PSQ are set out below:

- **18 December 2023:** PSQ announced that Genesis Capital Manager I Pty Ltd (**Genesis**) had made a non-binding proposal to acquire PSQ at a price of \$1.40 cash per share, with the possibility of an option for PSQ shareholders to roll their shares into unlisted equity
- **19 March 2024:** Genesis made a revised, non-binding proposal to acquire all the shares in PSQ at a price of \$1.75 cash per share. This proposal was on generally consistent terms with the 18 December 2023 offer.

Given the preceding offers from Genesis and the agreement that had been entered into with Genesis, PSQ has paid Genesis \$0.5m reflecting the reimbursement of costs incurred by Genesis¹.

Further details on the background to the Proposed Scheme, the process of soliciting alternative proposals undertaken by the Board and their advisers, and interest received in respect of a control transaction involving PSQ is set out in the Chairperson's letter and section 4.1 of the Explanatory Statement.

1.2 Background to National Dental Care

NDC is an Australia wide network of dental practices. Founded in 2013, it has over 80 practices throughout Australia with a particular focus on New South Wales, Queensland, Western Australia, Victoria and South Australia.

NDC is owned by entities managed and advised by Crescent Capital Partners, an Australian private equity manager. It focuses on investments in the Industrial, Financial Services, Services & Technology, Consumer and Healthcare sectors.

Further details on NDC and Crescent Capital Partners are included in Section 6 of the Explanatory Statement.

¹ as disclosed in the Proceed Deed disclosed to the market on 19 March 2023

1.3 Key conditions of the Proposed Scheme

The Proposed Scheme is subject to various requirements or conditions including:

- shareholder approval in accordance with the requirements of the Corporations Act 2001 (Cth), being passed by:
 - a majority in number of the members, or members in that class, present and voting
 - 75% of the votes cast on the resolution.
- Court Approval
- Customary conditions associated with no material adverse changes or prescribed occurrences.

PSQ is liable for a break fee of approximately \$3.1m, payable under certain prescribed conditions in the event that the Proposed Scheme does not proceed. The break fee conditions are set out in Section 9.1 of the Explanatory Statement.



2 Basis of evaluation

2.1 Guidance

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's report. ASIC has also issued Regulatory Guide 112 in respect of the independence of experts, but this provides very little guidance in respect of evaluating transactions.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'reasonable' if it was in the form of a takeover bid, they will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company.
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should accept the offer under the proposed scheme, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Scheme is in the best interests of PSQ shareholders, we have adopted the tests of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.2 Approach to evaluation of fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly, we have assessed whether the Proposed Scheme is fair by comparing the consideration offered with the value of a share in PSQ on a control basis.

PSQ shares have been valued at market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable and willing but not anxious buyer and a knowledgeable and willing but not anxious seller, neither of whom is under any compulsion to buy or sell.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a PSQ share has not been premised on the existence of a special purchaser.

We have assessed whether the Proposed Scheme is fair by comparing the value of a PSQ share to the value of the consideration to be received from NDC. We have assessed the value of each PSQ share by estimating the current value of PSQ on a control basis and dividing this value by the number of shares on issue.

If PSQ shareholders are receiving equal to, or more than, our assessment of the market value of PSQ shares, then the Proposed Scheme would be fair. If the consideration is less than our assessment of the market value of PSQ shares, then the Proposed Scheme would be not fair.

2.3 Approach to evaluation of reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Scheme we considered the following factors in addition to determining whether the Proposed Scheme is fair:

- the extent to which PSQ shareholders are receiving a premium for control
- the likely market price and liquidity of PSQ shares in the absence of the Proposed Scheme
- cash flows or other benefits available to NDC upon achieving 100% ownership of PSQ
- the fact that the Proposed Scheme allows PSQ shareholders to realise their investment in PSQ and removes uncertainty regarding the execution of PSQ management's strategy
- the value to an alternative bidder and the likelihood of an alternative offer being made
- whether any other alternatives exist and the advantages and disadvantages of such alternatives
- other implications associated with PSQ shareholders rejecting the Proposed Scheme.

2.4 Limitations

This report should be read in conjunction with Appendix 5.

3 Profile of Pacific Smiles

3.1 Company overview

Established in 2003, PSQ operates dental centres from which independent dentists practice and provide clinical treatments and services to patients.

Key milestones in PSQ's history are set out in the table below.

Table 3: Corporate timeline

Year	Number of centres	Events
FY03	3	Founded by dentists including Dr Alex Abrahams and Dr Alison Hughes
FY05	5	Commencement of nib relationship with operational agreements over Newcastle and Sydney nib centres
FY07 – FY11	14 – 28	Entry into Victoria (VIC) and Queensland market (QLD) via organic growth and acquisitions
FY12	31	Entry into Australian Capital Territory (ACT) market and commencement of 15 year agreement with nib
FY15	49	Listed on the ASX with market capitalisation of circa \$200m
FY16	58	Launches first brand advertising campaign
FY20	94	COVID lockdowns begin
FY21	111	Entered into a 10 year Management Services Agreement with HBF
FY24	136 ¹	Entered into SID with NDC at \$1.90 per share

Notes:

1. Including 8 HBF Dental centres managed by PSQ.

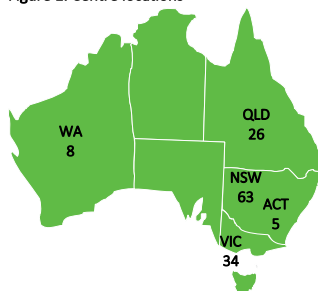
Source: Company website, Management

PSQ operates 128 dental centres across Australia under two brands, Pacific Smiles Dental (**PSD**) Centres and nib Dental Centres. PSQ also exclusively manages the operation of 8 HBF Dental centres in Western Australia. The vast majority of these centres have been the result of a greenfield roll-out (as opposed to acquisition or roll-up) strategy that PSQ has deployed since being founded.

PSQ has 760+ active dentists, in addition to 1,700+ PSQ employees, including Dental Assistants, clinical support and other staff, which enabled PSQ centres to service more than one million patient appointments in FY23.

PSD branded centres are focused on the eastern seaboard of Australia, whilst the HBF agreement provides PSQ exposure to Western Australia. PSQ dental centres are situated in both regional and metropolitan areas, with a roughly 50:50 split. Set out in the figure below is a map of the current geographic distribution of PSQ centres in Australia.

Figure 1: Centre locations



Note:

The 8 dental centres in Australia represent the HBF Dental centres which are managed by PSQ.

Source: H1 FY24 results presentation

3.2 Operational overview

PSQ derives revenue from three key sources:

- **Dental service fees:** Fees charged to dentists for the provision of fully serviced dental facilities, in addition to fees generated directly from patients via locums and employed practitioners. This represented 98.7% of total revenue in H1FY24
- **Dental product sales:** representing 0.3% of total revenue in H1FY24
- **Management fees:** for the management of HBF dental centres, representing 1% of total revenue in H1FY24.

Under Services and Facilities Agreements (SFAs), PSQ provides dentists with fully serviced and equipped facilities, including support staff, training, marketing, administrative and operational support services, along with PSQ's proprietary IT platform. The PSQ business model is designed to allow dentists to focus on practicing clinical dentistry, enabling them to maximise time with patients without the distraction of owning and operating a dental centre. Further details of the key terms of SFAs are discussed in Section 3.2.2.

3.2.1 Key partnerships

PSQ has developed strategic relationships with major private health insurers and other partners that has underpinned its revenue growth and business expansion. Key partnerships are set out in the table below.

Table 4: PSQ Partnerships

Partner with number of members (where relevant) in brackets	Details of partnership arrangement
nib (c. 1.6m)	<ul style="list-style-type: none"> • PSQ owns and operates 11 nib dental care centres, which provides exclusive no gap preventative treatment for nib members • Outside of the 11 nib dental care centres, all PSD centres are included in the nib First Choice network, providing PSQ dentists with nib preferred provider status (this does not give access to a no-gap offering) • The agreement was entered into in May 2012 and covers a 15 year period until May 2027 • Both nib and PSQ have agreed to certain minimum marketing activities.
HBF (c. 1.1m)	<ul style="list-style-type: none"> • PSQ operates 8 dental centres in WA on behalf of HBF under a management services agreement. The agreement entitles PSQ to a variable fee linked to the financial performance of the HBF centres • PSQ is also the preferred provider for HBF in Eastern States. • The agreement was entered into in July 2020, and covers a period of 10 years.
Medibank / ahm (c. 4.0m)	<ul style="list-style-type: none"> • PSQ benefits from being: <ul style="list-style-type: none"> – the exclusive ahm no-gap provider on eastern seaboard – A Medibank Members' Choice preferred provider, on a non-exclusive basis.
Other Funders (n/a)	<ul style="list-style-type: none"> • PSQ works with third party funders including the Department of Veterans' Affairs, Local Area Health Services and Medicare Child Dental Benefits Schedule.
Education Sector (n/a)	<ul style="list-style-type: none"> • PSQ partners with universities and TAFE to offer graduate programs, dental assisting certification and clinical placements. • Such partnerships aid PSQ in recruiting dentists and dental assistants.
Suppliers (n/a)	<ul style="list-style-type: none"> • Scale benefits are achieved with group agreements.

Source: Annual General Meeting Presentation

Whilst the agreement with nib is due to expire in May 2027, the parties are currently in discussions to vary the commercial terms of the agreement. The proposed amendments are intended to utilise the existing PSD centre network to provide greater geographic coverage (beyond the existing 11 nib branded centres) for nib members on a less exclusive basis. These discussions remain confidential and incomplete.

Whilst PSQ has partnerships with specific health funds as described above, members of other health funds (or, more generally, anyone else) are able to get treatment at PSD and nib dental centres. Approximately one third of patient fees are derived through two private health insurers, almost half derived from other private health insurers and other funders, and the balance from private customers and a management services agreement.



3.2.2 Dental practitioners and staff

Under the PSQ model, dental practitioners operate under SFAs which set out the key terms under which dental practitioners are able to operate their business in a PSQ centre. The agreement outlines the services and support provided by PSQ, in exchange for a service fee. The service fee is paid on a monthly basis and is calculated based on an agreed proportion of fees charged to patients being retained by dentists who operate their practice within PSQ.

Under SFAs, dentists generally have the right to cancel the agreement with a one to three month notice period, without penalty. As at H1 FY24, the PSQ business has 767 active dentists, with no dentist contributing more than 1% of PSQ’s total patient fees. On average dentists do not work full-time at a specific PSQ centre with many working part-time and others distributing their workload across a variety of centres (including non-PSQ centres).

PSQ also employs various other professionals as set out in the table below:

Table 5: PSQ employees (excluding dental practitioners operating under SFAs)¹

	Number
Dental Assistants	1,430
Clinical support ²	225
Employed Dental Practitioners	16
Employed Oral Health Therapist / Hygienist	10
Support office ³	70
Total	1,751

Note:
1. Based on headcount
2. Comprised of dental hygienists, oral health therapists, centre leader and other clinical support staff
3. Comprised of human resources, IT, finance, executive management and other support staff.
Source: PSQ management

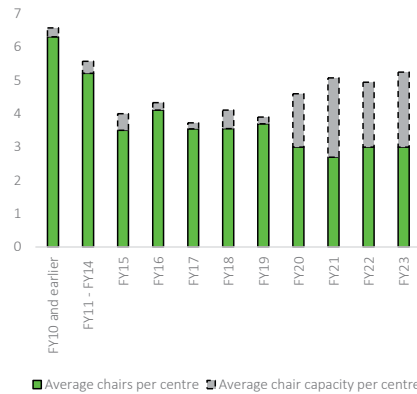
PSQ dental staff, including dental assistants, clinical support staff and support office staff, are typically employed under the terms of either the Health Professionals and Support Services Award or the DEP Enterprise Agreement 2013, which cover a broad range of matters, including rates of pay and employment conditions. The Fair Work Commission wage decision of an increase of 5.75% to modern award rates was applied across the majority of PSQ dental centre workforce effective 1 July 2023. On 3 June 2024 the Fair Work Commission announced a 3.75% increase to minimum award rates, effective from 1 July 2024.

3.2.3 Profile of dental centres

Approximately 47% of dental chairs are located in centres that are +10 years old. PSQ leases all of its dental centres. Dental centres are typically leased under agreements of between 5 to 10 years with, in some cases, options to extend the lease term. The majority of leases (75%) are priced with fixed growth rates, with the remaining linked to CPI.

Set out in the figure below is the average number of chairs by cohorts (which represents a grouping of centres based on the financial year in which they opened).

Figure 2: Average chairs per centre by cohorts



Note: Green shaded area represents average chairs per centre. Grey shaded area represents average chair capacity per centre
Source: PSQ management

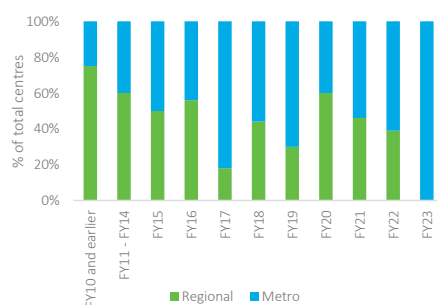
The older cohort of centres (referring to the period during which the centre was first opened) tend to be larger, driven by:

- **Maturity:** the greenfield strategy allows for growth optionality with new chairs added once existing chairs are sufficiently utilised. As such, older centres have had a longer time to fill initial capacity and expand.
- **Location:** PSQ's strategy of primarily greenfield roll-outs in shopping centres since FY15 has lent itself to small format leases and less chairs per centre. The current strategy targets 5 chair centres at maturity, starting with 3 chairs on opening, noting that this has changed from smaller 4 chair capacity centres primarily opened from FY15 to FY19.

As noted in Section 3.3 below, centres typically open with 5 surgeries, 3 to 4 of which have had chairs installed, with the balance of chairs being installed in the vacant surgeries over time as the centres mature. This is evident in the figure above, but also illustrates the degree of additional chair capacity currently available in the newer cohorts.

The profile of centre locations by cohort is set out in the figures below.

Figure 3: Centre locations – regional vs metro



Source: PSQ management

Figure 4: Centre locations – shopping centres vs other locations



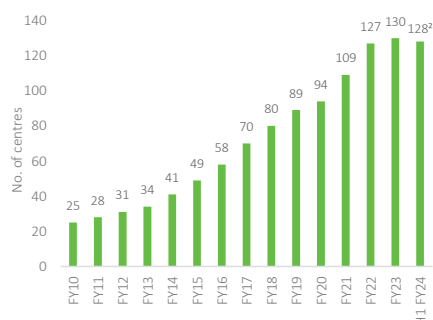
Source: PSQ management

In the earlier years, PSQ focused its expansion in regional areas, however, this has shifted to metropolitan areas in recent years, with a particular preference for shopping centre locations. Further details of PSQ's expansion strategy are set out in Section 3.3.

3.2.4 Operational metrics

As mentioned above, PSQ has a long-established track record of organic growth. This is evident in the figures below which present growth in number of centres, in addition to growth in number of chairs and active dentists.

Figure 5: No. of centres¹

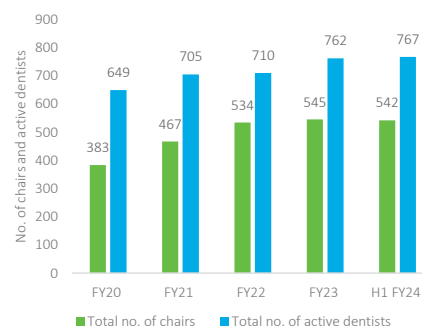


Notes:

1. Excludes 8 HBF Dental centres managed by PSQ
2. Two centres merged during H1 FY24 (Newcastle and nib Newcastle and Woden and nib Woden)

Source: FY24 Management presentation

Figure 6: Total chairs¹ and active dentists²



Notes:

1. Excludes HBF Dental and Parramatta Uni chairs
2. Excludes HBF Dental dentists
3. Includes chair reduction relating to merger of two PSD and nib centres

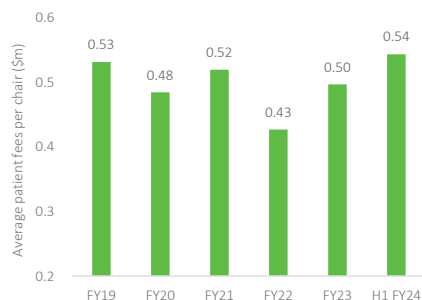
Source: FY23 Results presentation, H1 FY24 Results presentation

The number of active dentists within the business is steadily increasing, reflecting the appealing and flexible opportunities provided by PSQ including flexibility, clinical autonomy, business support and full patient books. The organic growth is underpinned by PSQ's greenfield model for growth which is explained further in Section 3.3.

PSQ management continued with expansion plans until FY23, from which point new centre growth was deliberately moderated to focus PSQ management's effort towards the ramp-up of existing centres. More recently, in response to leases terminating or relocation opportunities, PSQ consolidated the number of chairs which saw the number of chairs per centre decrease. Through FY23, the number of chairs has increased. This trend is also evident in the practitioner billing hours per chair.

Average patient fees per chair and chair utilisation (and consequently profitability) were impacted by COVID, as illustrated in the figure below.

Figure 7: Average patient fees per chair¹

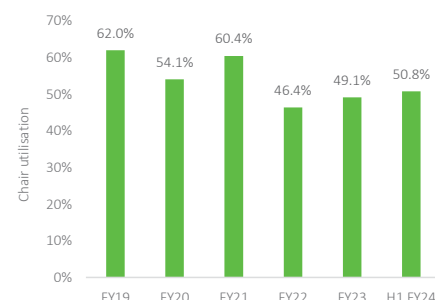


Note:

1. H1 FY24 figure annualised

Source: PSQ management

Figure 8: Chair utilisation



Source: PSQ management

Whilst average patient fees per chair returned to pre-COVID levels during H1 FY24, on a real basis they are still lower. Whilst chair utilisation has seen marginal improvements in recent periods, it is still substantially below levels experienced pre-COVID and levels considered optimal by PSQ management.

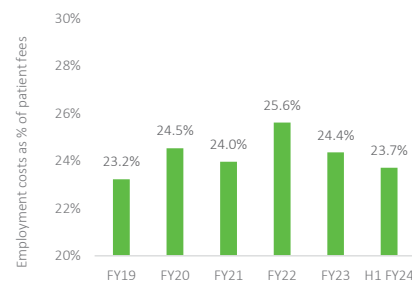
One measure of operational efficiency is the staff to dental practitioner ratio. This ratio is calculated by comparing the number of hours worked by staff to the number of hours worked by dentists and a lower ratio suggests greater operational efficiency. This ratio is set out in Figure 9 below, and as can be seen from this figure, it experienced a significant increase during the COVID pandemic, as managing appointment cancellations and reduced services became more challenging. This resulted in a higher proportion of employee expense incurred as percentage of total patient fees. On the back of PSQ management focus, this ratio has returned to pre-COVID levels in H1 FY24. Whilst this has also aided in reducing employee expenses as a percentage of patient fees, this ratio is likely to experience upward bias in the near future with recent FWC determinations flowing through (refer to Section 3.2.2).

Figure 9: Staff to practitioner ratio



Source: H1 FY24 Results presentation

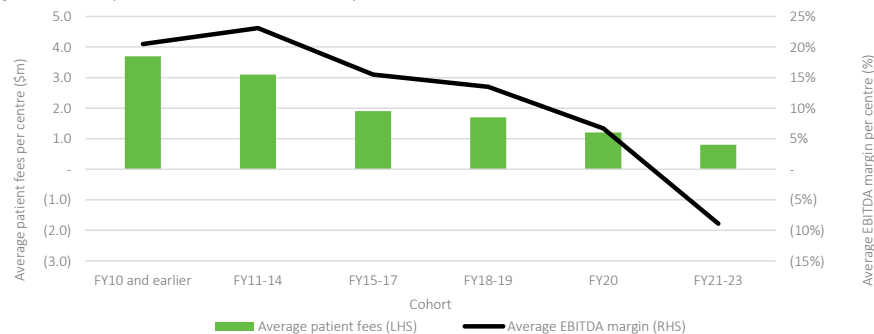
Figure 10: Employment costs % patient fees



Source: PSQ management

Given PSQ's greenfield expansion, there is a distinction between the profitability of centres depending on the period of time they have been open. The financial performance of centre cohorts, grouped by the financial years in which they opened, is set out in the figure below.

Figure 11: Cohort performance data for the financial year ended 30 June 2023¹



Note:

1. Excludes HBF Dental centres
2. EBITDA margin calculated as a percentage of patient fees.

Source: H1 FY24 Results Presentation

As illustrated in the figure above, the more mature cohorts achieve higher revenue (as measured by average patient fees) and higher profitability (as measured by EBITDA margin) as compared to newer cohorts. Centres typically take a period of five years to ramp up to being operationally efficient as discussed in Section 3.3, with profitability and margins of new centres expected to improve over that period as number of appointments increases and chair utilisation improves.

Centres that were opened between FY20 and FY23 also experienced a delay in achieving their ramp up profile due to COVID disruptions, which impacted their ability to attain target profitability. Post-pandemic, newer cohorts are gradually moving towards the expected ramp up profile with fees and profit margins trending towards the five-year target, noting that these new centres have now had c. 2 years of post COVID trading. More mature cohorts are also exhibiting fee and margin growth albeit larger centres at CBD locations are yet to return to pre-pandemic trading levels (somewhat influenced by changes in return to office / work from home working environments).



3.3 The greenfield model for growth

PSQ's growth model is focused on organic new centre rollout rather than acquisitions. PSQ management consider such a growth model to be a predictable and repeatable formula for network expansion. Key attributes of the model include:

- **Convenience proposition:** based on location and community by targeting regions under-served by dentists and localised regions and clusters to create scale and efficiency
- **Standardisation:** of centre layout, brand, culture, people and systems including implementation of a common patient management system across all centres
- **Mobility of staff, patients and dentists:** by sharing resources between centres to increase efficiency, streamline labour management and achieve greater satisfaction for both practitioners and patients
- **Growth focus:** driven by establishment of new centres, adding capacity in existing centres, and uplifting utilisation via retention of existing patients and acquisition of new patients.

PSQ's greenfield model is premised on detailed site selection and assessment prior to investment decision. PSQ also follows a well-honed pre-marketing campaign targeting new patients when a new centre opens. Typically it targets 400+ appointments pre-opening of a new centre and 1,500 appointments within the first six months of opening a new centre.

New centres typically open with 3 operational chairs and have a capacity for 5. Depending on utilisation and centre growth, a 4th chair will be added in years 2 to 4 and a 5th chair in year 5, with capacity for further growth beyond year 5. Profitability (as measured by positive EBITDA) is targeted to be achieved between 9 to 12 months of operation with capital payback after 5 years. New centres are expected to reach target patient fees of \$2.5m per annum and target EBITDA margin (pre corporate overheads) of 20% by year 5.

Newer cohorts have underperformed relative to the abovementioned targets and ramp up profile. This underperformance is only partially explained by the impact of COVID, as the business has now traded for 2 years following the end of COVID lockdowns. Further discussion of this performance is included in section 5.7 of the Explanatory Statement.

3.4 Key management

The PSQ management team has changed in recent years, with Andrew Vidler being appointed CEO in January 2024, Paul Robertson appointed Chief Commercial Officer, Ciara Rocks promoted to Chief Operating Officer and Louise Hayes promoted to the Executive General Manager for People & Culture in July 2022, and Dr Troy McGowan appointed as the Executive General Manager for Clinical Excellence in November 2022.

Set out below is the executive leadership team of PSQ:

Table 6: PSQ's management team

Name and current position	Experience	Time in role
Andrew Vidler Managing Director & CEO	Andrew Vidler was appointed CEO in January 2024. With over 30 years of experience in retail, consumer products, and health industries, Andrew previously served as the Executive General Retail Manager at Wesfarmers Health, responsible for Priceline and Priceline Pharmacy. He also previously held leadership roles at EBOS Group Limited, including a 20-year tenure at Symbion, Mayne Group, and FH Faulding.	4 months
Matthew Cordingley Chief Financial Officer	Matthew has over 20 years' of finance and commercial experience having worked in roles in chartered accounting, investment banking and corporate roles. Matthew was previously the head of Mergers and Acquisitions at Healius Limited, a leading ASX listed healthcare company, where he was responsible for the company's strategic business development, growth and capital raising activities.	3 years
Ciara Rocks Chief Operating Officer	Ciara has over 20 years' experience in sales, customer experience and operations across various service and retail industries. Ciara previously held the position of Chief Marketing Officer at PSQ and senior positions at Hunter Water, the Commonwealth Bank and the National Roads and Motorist's Association. Ciara recently resigned from the role, with her final date being 20 June 2024.	1 to 2 years
Paul Robertson Chief Commercial Officer	Paul has extensive experience in senior operational roles within private healthcare facilities, including management of multiple private hospitals that are of different sizes and offer diverse medical services. With a background in Finance, Paul specialises in managing transition and operation of newly acquired facilities.	1 to 2 years

Name and current position	Experience	Time in role
Troy McGowan Executive General Manager – Clinical Excellence	Troy McGowan is a periodontist with more than a decade of experience in clinical dentistry and health leadership. Troy spent 13 years in the Royal Australian Air Force where he held the position of senior dental officer and specialist career advisor. Prior to joining PSQ, Troy also worked in the public sector and a private specialist practice as a dentist and periodontist.	1 to 2 years
Louise Hayes Executive General Manager – People & Culture	Louise has more than 15 years of experience focused on people, culture and change management within Australia and internationally. She has worked across several sectors, including healthcare, financial services, government and mining.	1 to 2 years

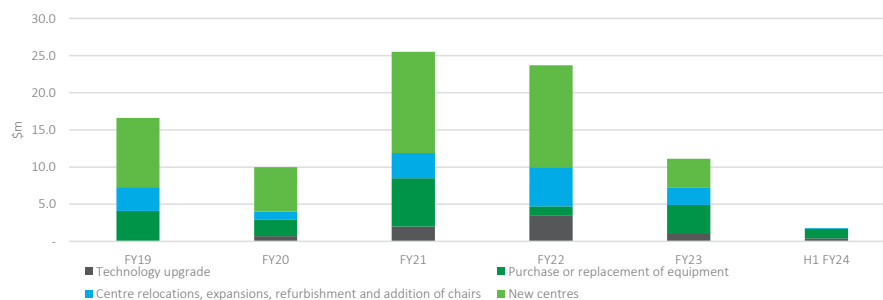
Source: Annual report, ASX announcements, PSQ website

3.5 Capital expenditure

3.5.1 Centre capital expenditure

Set out in the figure below is the capital expenditure incurred by PSQ in recent periods.

Figure 12: Capital expenditure profile



Source: FY19 Annual report, H1 FY24, FY23 Results presentation

The opening of new centres has historically contributed to the largest proportion of capital expenditure. As noted earlier, new centre capital expenditure has been moderated since FY23 following the strong expansion profile in previous years. In addition, technology upgrades have reduced since FY23, given the substantial completion of PSQ's single patient record project in the prior year.

In addition to 'business as usual' capital expenditure, PSQ management anticipate further investment requirements related to cybersecurity in the short term. The anticipated cost of this program is over \$1m in FY25, which will be recognised as an expense.

3.5.2 Systems and technology program

In recent years, PSQ has strengthened its core technology foundations and expanded the catalogue of digital assets, products and services. As shown in Figure 12, PSQ invested \$7.6m in technology upgrades since FY20 across cloud infrastructure, cyber security and data governance. These upgrades are beneficial to both patient and practitioner experiences allowing enhanced efficiency and cost effectiveness across the network. Recently, PSQ implemented a single patient record and management system which consolidates PSQ patient records into one system and enables patients to manage health records and book appointments in any PSQ centre, and have their record be digitally available to the centre and practitioner. This investment in technology is expected to improve patient experience (thereby assisting with attraction and retention of patients) and improve efficiency (which should also assist in recruiting and retaining dentists and other employees).



3.6 Payroll tax

During 2023, PSQ received notices from various state revenue offices that highlighted payment shortfalls on the basis that the revenue offices were of the view that fees charged to patients and retained by dentists who operate their practice within PSQ under an SFA should be subject to payroll tax. PSQ does not agree with this position. The notices, which also included non-SFA payroll shortfalls, included:

- June 2023: \$0.97m relating to NSW for the period FY19 to FY22. This was paid in full by PSQ.
- November 2023: \$0.89m relating to ACT for the period FY19 to FY22. This was paid in full by PSQ.
- January 2024: \$0.27m relating to ACT for the FY23. This was paid in full by PSQ.

In early 2024, PSQ lodged objections with the ACT Revenue Office contesting two assessments noted above. The outcome of these objections is outstanding at the date of this report. PSQ has also recognised in its financial statements, a provision to cover potential payroll tax liabilities in Queensland and Victoria, based on the methodology used by the NSW State Revenue Office.

The company is currently self-assessing payroll tax in line with its position set out in the objection to the ACT assessment. As at 31 December 2023, PSQ has accrued \$0.8m, primarily in respect of the ACT assessment and estimated potential payroll tax in other States. On an ongoing basis, PSQ management expects to incur SFA related payroll tax of c. \$0.5m p.a. reflecting an estimate based on the assessments made to date. Further detail is provided in Section 7.2 of the Explanatory Statement.

3.7 Financial performance

The summarised financial performance of PSQ for the periods ended 30 June 2022 to 31 December 2023 is set out below.

Table 7: Summary of historical financial performance of PSQ

\$m (unless otherwise stated)	FY22	FY23	H1 FY24
Dental service fee	138.1	163.3	88.9
Dental product sales	0.5	0.5	0.2
Management fees ¹	0.9	1.4	0.9
Other income	1.3	2.5	0.5
Total revenue	140.8	167.8	90.5
Direct expenses ²	(5.3)	(8.3)	(5.3)
Employee expenses ³	(74.1)	(80.7)	(41.1)
Consumables	(12.3)	(13.2)	(6.9)
Occupancy expenses	(3.8)	(3.9)	(2.3)
Marketing	(3.4)	(3.6)	(2.5)
Administration and other	(18.2)	(19.7)	(9.6)
Statutory EBITDA	23.6	38.5	22.9
Depreciation and amortisation	(26.3)	(30.2)	(15.3)
Net finance costs	(3.8)	(4.3)	(2.0)
Income tax	2.0	(1.5)	(1.2)
NPAT	(4.5)	2.4	4.4
Dividends paid	nil	4.2	3.4
Dividends per share (cents)	nil	2.6	2.1

Operating metrics

Revenue growth (%)	(13.4%)	19.2%	7.9% ⁴
Statutory EBITDA margin (%) ⁵	16.9%	23.3%	25.4%
Number of centres (No.)	127	130	128 ⁶
Number of chairs (No.)	534	545	542 ⁸
Chair utilisation (%) ⁷	46.4%	49.1%	50.8%
Average patient fees per centre (\$m)	1.8	2.1	2.3 ⁴
Staff to practitioner ratio ⁷	2.2	2.2	2.1

Notes:

1. Relates to the fees generated through the management services agreement with HBF

2. Includes the cost of sale of dental products and payroll tax expenses for independent dentists operating under SFAs

3. Includes direct employee expenses which relates to dental practitioner employment costs

4. Annualised

5. Statutory EBITDA divided by revenue (excluding other income)

6. Excludes HBF Dental centres and chairs. Reduction in number of centres and chairs due to merger between PSD and nib dental clinics in Newcastle and Woden

7. Billing hours as a percentage of total effective productive capacity of each dentist chair

8. Measured by number of staff hours to dentist practitioner hours.

Source: FY22, FY23 and H1 FY24 Annual reports, H1 FY24 results presentations, PSQ management, Deloitte Corporate Finance analysis

Growth rates and margins in FY22 were impacted by a reduction in the number of attended appointments and increased practitioner absences as a result of COVID lockdowns and outbreaks. Since then, trading conditions have improved, and the business has gradually returned to pre pandemic levels. Revenue growth in FY23 was underpinned by an increase in patient volumes as a result of a recovery in appointments and reduction in cancellation rates, which had led to improved utilisation across centres. In addition, 34 new centres that opened across FY21 and FY22 further contributed to the uplift in revenue as they move towards stabilised run rates.



Utilisation per centre improved across all cohorts, driven by a recovery from COVID, general growth in appointment volumes, in particular in newer cohorts, and PSQ management's focus on utilising existing capacity within the business. Mature centres have demonstrated capacity to grow as practitioners in these centres increase their hours worked to meet demand, especially during seasonally busy periods at the end of the health fund ancillary claiming period (June, mid-November to late December). This can be seen through the increase in average patient fees per centre, which improved across all cohorts.

PSQ management's decision to keep centres open amidst lockdowns was a conscious effort to maintain staff retention, however, due to a largely fixed cost base, this resulted in EBITDA margin compression in FY22. The increase in EBITDA margin in FY23 largely reflects the revenue recovery noted above. This continued in H1 FY24 on the back of a decline in the staff to practitioner ratio (lowest since FY20), continued utilisation improvement, in addition to a reduction in consumable costs due to improved supplier partnerships and inventory management. This was partially offset by cost and wage inflation following the Fair Work Commission decision of a 5.75%² increase to modern award rates applicable to employees in the majority of PSQ dental centres from 1 July 2023.

Direct expenses include a payroll tax on SFA contracts of \$1.3m in FY23. Also incorporated in FY23 finance costs is an interest payment on the payroll tax settlement of \$0.3m. Refer to Section 3.6 for further detail on the payroll tax assessment.

Depreciation largely relates to right-of-use-assets (i.e. leases over the centres) and, to a lesser extent, leasehold improvements, plant and equipment. Amortisation expenses relate to acquired software, rights and licenses.

Net finance costs mainly comprise of interest and finance charges on borrowing and lease liabilities. The increase in net finance costs in FY23 was primarily driven by increases in market interest rates, albeit was mitigated by renegotiation of cash account terms, and reduction in debt levels.

The improved financial performance allowed the Board to resume dividend payments. The dividend declared in FY23 reflects a payout ratio at the top end of the Board-approved dividend policy range of 70% to 100% of underlying NPAT of \$4.5m (excluding AASB 16 impacts).

3.7.1 Normalisation of EBITDA

PSQ management's assessment of underlying EBITDA for the periods ended 30 June 2022 to 31 December 2023 is set out in the table below.

Table 8: Normalisation of EBITDA

\$m (unless otherwise stated)	FY22	FY23	H1 FY24
Statutory EBITDA	23.6	38.5	22.9
Adjustment to pre-AASB16 basis	(15.2)	(16.6)	(8.6)
Executive LTI plan credit	-	-	(1.8)
One-off payments for historical payroll tax assessments	-	1.2	1.0
Other	0.6	0.4	0.4
Underlying EBITDA¹	9.0	23.4	13.9
Underlying EBITDA margin ²	6.5%	14.2%	15.4%

Notes:

Numbers in the table may not add due to rounding

1. Does not reconcile with the underlying EBITDA disclosed by PSQ as this does not adjust for the expense impact of long term incentive costs

2. Underlying EBITDA divided by revenue (excluding other income)

Source: FY23 and H1 FY24 financial statements, Deloitte Corporate Finance analysis

The normalisation adjustments primarily relate to the following items:

- **Adjustment to pre-AASB16 basis:** primarily reflects the cash lease expense related to dental centre leases, which are not reflected under AASB 16 Leases
- **Executive LTI plan credit:** H1FY24 statutory earnings includes a credit (i.e. income) related to unvested incentives, which we consider should be normalised

² In addition to a 0.5% superannuation uplift

- **One-off payments for historical payroll tax assessments:** removal of the impact of provisions made in relation to the payroll tax assessment for prior periods and associated legal costs
- **Other:** includes one-off or abnormal expenses such as termination and redundancy severance expenses, costs associated with the extraordinary general meeting, write-offs and insurance recoveries relating to flooding at the Lismore dental centre.

While long-term management incentive costs are excluded in Management's assessment of underlying EBITDA, we have not excluded such costs in the underlying EBITDA as we consider these costs to be incurred as a result of normal business operations and should be captured within employee expenses.

3.8 Financial position

The summarised financial position of PSQ as at 30 June 2022 to 31 December 2023 is set out below.

Table 9: Summary of historical financial position of PSQ

\$m	30 June 22	30 June 23	31 December 23
Trade and other receivables	3.5	2.9	3.3
Inventories	5.8	6.2	6.2
Trade and other payables	(17.5)	(18.1)	(17.9)
Other current assets/(liabilities) – net ¹	(4.1)	(3.1)	(2.0)
Net working capital	(12.4)	(12.1)	(10.4)
Property, plant and equipment	68.9	62.0	56.1
Right-of-use assets	71.0	71.5	67.9
Lease liabilities	(87.4)	(84.0)	(81.3)
Intangible assets	13.5	14.6	13.9
Other non-current assets/(liabilities) – net ²	9.2	2.4	4.8
Funds employed	75.2	66.4	61.4
Cash and cash equivalents	11.8	18.6	17.3
Borrowings	(18.5)	(9.0)	(4.0)
Net income tax receivable/(payable)	2.4	(1.4)	(3.4)
Payroll and other tax provisions	-	(1.2)	(0.8)
Net cash/(debt)	(4.3)	6.9	9.2
Net assets	58.5	61.3	60.2

Notes:

1. Comprise of prepayments, employee benefits, other current assets

2. Comprise of deferred tax assets, rental sublease receivables and non-current provisions

Source: Annual reports, results presentations, Deloitte Corporate Finance analysis

Trade and other payables primarily comprise employee wages and payables to dental practitioners.

Other current assets and liabilities primarily comprise of prepayments and employee benefits provisions.

Property, plant and equipment primarily comprise of plant and equipment and leasehold improvements. Property, plant and equipment declined reflecting the impact of the slowdown in the rollout of new centres which has resulted in lower capital expenditure additions relative to the depreciation of existing centres.

Right-of-use assets and lease liabilities relate to the operating lease agreements in respect of dental centres, as described in Section 3.2.3.



Other non-current assets and liabilities primarily comprise deferred tax assets and lease make good provisions. Deferred tax asset primarily relates to lease liabilities and right-of-use assets. As at 30 June 2022 the company had recognised a deferred asset of \$3.3m relating to tax losses, however, these tax losses were utilised in FY23. Lease make good provisions represents the costs associated with the future restoration of leased premises (e.g. removal of leasehold improvements and repair of any associated damage) at the end of the respective lease terms of PSQ's operated premises. A change in accounting estimate resulted in an increase in the make good provision from \$2.6m in FY22 to \$7.5m in FY23.

Net debt, as set out above, comprises of cash, borrowings, and net income tax receivable and payable. Refer to Section 3.9.2 for details of PSQ's borrowings. Borrowings have historically been used to finance the roll-out of new centres, however, more recently, have been paid down due to PSQ management's slowdown of centre roll out and the improvement in financial performance.

Net debt also includes a payroll tax liability, related to the payroll tax assessment notices referred to in Section 3.6. As at H1FY24 PSQ has accrued a tax liability of \$0.8m, primarily in respect of the ACT assessment and estimated potential payroll tax liability in other states.

3.9 Shareholders and capital structure

3.9.1 Substantial shareholders

The substantial shareholders are set out below.

Table 10: Substantial shareholders

Holder	Securities held (m)	Ownership (%)
Genesis	31.8	19.9%
MA Asset Management	21.3	13.4%
Dr Alexander J Abrahams (and associates)	19.6	12.3%
HBH Health	16.0	10.0%
Dr Alison J Hughes	15.8	9.9%
Subtotal – Substantial holders	104.4	65.5%
Other shareholders	55.1	34.5%
Total ordinary shares on issue	159.6	100.0%

Note: Numbers may not reconcile due to rounding.
Sources: PSQ management, ASX announcements

Genesis acquired an economic interest in PSQ shares in December 2023, at the time it made the original offer to acquire PSQ (details provided in Section 1.1). It later disclosed that it had acquired a relevant interest in these shares on 7 May 2024. MA Asset Management's shareholding reflects an ownership interest held on behalf of investors in a fund managed by MA Financial Group. Dr Abrahams and Dr Hughes are the founders of PSQ and HBH Health's ownership interest originates from when PSQ and HBH entered into the agreement to manage the HBH Dental centres in WA (discussed above in Section 3.2.1).

In November 2022 Dr Abrahams requested the convening of an extraordinary general meeting to remove the each of the 7 existing directors (two of which were later withdrawn) and appoint 4 new directors, including Dr Abrahams. Dr Abrahams was publicly vocal about his views on PSQ's underperformance and business strategy to maximise value, including expansion strategy and shopping centre exposure. At the extraordinary general meeting, only one resolution which related to the removal of one director was passed. Dr Abrahams remains on the share register.

3.9.2 Capital structure

The issued equity securities as at the date of this report are set out below.

Table 11: Number of securities¹ in PSQ

Security type	Total number of securities (m)
Ordinary shares	159.6
Performance rights	2.9 ²
Total securities	162.5

Notes:

1. As per Scheme Implementation Deed

2. Excludes 0.2m cash rights and performance rights previously held by Ciara Rocks, which have been cancelled following her resignation.

Source: Scheme Implementation Deed, ASX announcements

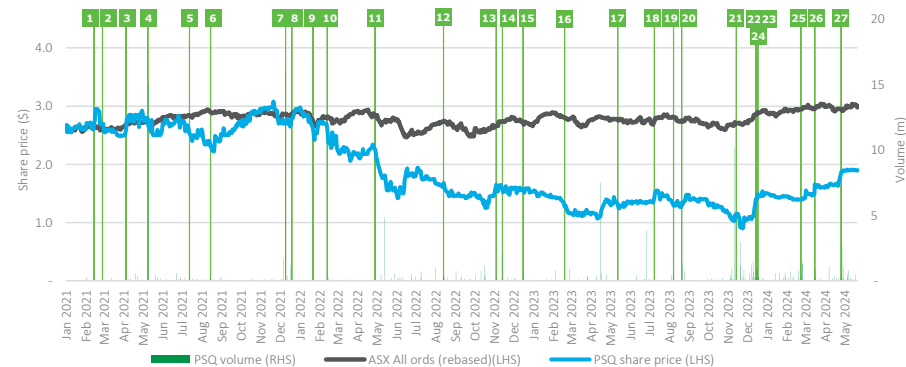
Performance rights have been issued to certain senior executives of PSQ under the long-term incentive plan. As set out in section 9.2(d) of the Explanatory Statement, performance rights will either vest or lapse prior to the Implementation Date. In estimating the number of shares at Implementation Date we had regard to the Board's current expectation regarding the exercise of its discretion.

As at H1 FY24, PSQ had a \$40m of variable rate loan facility, of which \$4m was drawn. The facility is due to expire on 30 September 2025. As at FY23, the weighted average interest rate on the borrowings was 6.14%. Post H1 FY24, the \$40m debt facility has been reduced to a limit of \$20m and the drawn amount under the variable loan facility has been reduced to nil. PSQ also holds an undrawn bank overdraft (\$0.5m limit) and has given bank guarantees of \$3.7m to various landlords as security for leased premises.

3.9.3 Share price performance

Whilst liquidity in PSQ shares is low, PSQ's share price has underperformed the broader Australian share market, largely due to the financial impact of COVID and lower than expected profitability of newer centre cohorts, partially offset more recently by takeover offers. This is summarised in the figure and table below.

Figure 13: PSQ share price performance up to 24 May 2024



Source: S&P Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

Table 12: Key events and announcements

Ref	Announcement
1	H1 FY21 results announced with underlying EBITDA increasing by 65% from the prior corresponding period. An interim dividend of 2.4 cents per share was declared, in line with the prior corresponding period.
2	Capital raising of \$20m at an offer price of \$2.60 announced to provide funding to accelerate growth opportunities and increase liquidity. The offer price represents a 3.7% discount to last closing price of \$2.70 on 1 March 2021 and 9.4% discount to the 5 day volume weighted average price.
3	FY21 earnings guidance affirmed, with expectation to report underlying EBITDA at the top end of the previously advised range.
4	Change of interests of substantial shareholder TDM Growth Partners Pty Ltd from 25% to 15%.

Attachment B Independent Expert's Report



Ref	Announcement
5	Updated earnings guidance provided for FY21. Underlying EBITDA was anticipated to be at the low end of previously advised range, with patient attendance being impacted by COVID lockdown restrictions.
6	FY21 results announced in line with prior earnings guidance announcements. No dividend was declared and no FY22 earnings guidance was provided due to continued uncertainty as a result of COVID.
7	Disposal of shares by substantial shareholder TDM Growth Partners. HBF became substantial shareholder by acquiring 10% interest in PSQ
8	FY22 earnings guidance provided and expectation for PSQ to pay interim dividend for FY22.
9	Trading update provided for H1 FY22 with underlying EBITDA anticipated to be below earnings guidance, largely due to the sudden onset and rapid spread of the COVID Omicron variant. Given uncertain trading conditions, PSQ withdrew previously advised earnings guidance for FY22.
10	H1 FY22 results announced with PSQ reporting an underlying net loss of \$1.5m for the period. No interim dividend declared for H1 FY22.
11	Decreases reflect the market's reaction to monthly patient fee performance disclosures. Furthermore, equity markets were impacted by central banks globally signalling tightening of monetary policy to curb inflation. There was an expectation that consumer sentiment would soften, resulting in a decline in the share price of companies that provide discretionary products and services.
12	FY22 results announced with underlying EBITDA decreasing by 66% from the prior corresponding period, largely attributed to ongoing COVID disruptions. No final dividend was declared.
13	PSQ announced that it received a notice from Dr. Abrahams requesting the convening of a general meeting (an Extraordinary General Meeting) to consider the removal of each of the current seven directors and proposed appointment of four new directors. In December 2022, following the EGM, PSQ announced that all the resolutions proposed were not carried with the exception of one resolution relating to the removal of one director.
14	PSQ confirmed its earnings guidance for FY23, with trading conditions recovering from previous COVID related lockdowns. Newer centres remain unprofitable due to slower ramp up profile as a result of COVID disruptions.
15	PSQ announced voting results at Extraordinary General Meeting that the resolutions to remove the directors were not successful, with the exception of removal of Andrew Knott as a director.
16	H1 FY23 results announced with an update on expectations that full year earnings would sit at the low end of the earnings guidance due to slower than expected recovery from COVID and earnings drag related to new centres. An interim dividend of 0.35 cents per share was declared.
17	PSQ announced that it received a determination letter from Revenue NSW in relation to payroll tax (Refer to Section 3.6 for further details).
18	Trading updated provided for FY23, reaffirming previous earnings guidance.
19	PSQ announced the resignation of Managing Director and CEO, Mr Phil McKenzie.
20	FY23 results announced with underlying EBITDA increasing by 20% from the prior corresponding period. Patient volumes recovered as operating conditions return to post COVID levels.
21	PSQ announced that it received a reassessment letter from ACT Revenue Office in relation to payroll tax (refer to Section 3.6 for further details).
22	PSQ received non-binding indicative offer from Genesis at a price of \$1.40 per share.
23	PSQ announced appointment of Mr Andrew Vidler as CEO.
24	PSQ announced rejection of proposal from Genesis. PSQ also provided separate earnings guidance for FY24.
25	H1 FY24 results announced with underlying EBITDA increasing by 10% from the prior corresponding period, reaffirming prior earnings guidance. PSQ announced an interim dividend of 2.1 cents per share.
26	PSQ received revised non-binding proposal from Genesis at a price of \$1.75 per share.
27	PSQ announces the Proposed Scheme at \$1.90 per share.

Source: ASX announcements, Deloitte Corporate Finance analysis

3.10 Strategy and outlook

PSQ management anticipates future growth to be underpinned by the following:

- **Embedded capacity:** Increase utilisation of existing centres and grow higher value procedures in well-established centres
- **Cohort maturation:** Adopt similar strategy to above and invest in more chairs to increase capacity of newer cohorts
- **Network growth:** Achieve self-funded growth through cash flow generation.

PSQ management has previously set out its long term target to grow to more than 250 centres (H1FY24: 128 centres) and 800 chairs (H1FY24: 542 chairs). In addition, PSQ management aspires to achieve an underlying EBITDA to patient fees margin of at least 15% (H1FY24: 9.4%). This translates into an underlying EBITDA margin of 25% (H1FY24: 15.4)%. PSQ management have also set out a market share target of at least 5% (FY23: 2.5%) (as measured by percentage of total sector patient fees). Noting that these targets were reaffirmed in November 2023, PSQ management is of the view that with the change in performance and operating environment, they may need to be revisited.

In order to achieve these growth targets, PSQ management's focus is on the following areas:

- Optimising existing infrastructure footprint
- Margin compression mitigation through improving productivity, maturing of clients to higher value dentistry and service delivery
- Improve productivity through utilisation and business improvements
- Centre service delivery performance
- Enhancing market presence and communication
- Choice of dentists and practitioners.

On 26 February 2024 PSQ management reaffirmed its FY24 guidance of:

- Patient fees: in the range of \$293m to \$297m
- Underlying EBITDA: in the range of \$26m to \$28m (on a pre-AASB16 basis).

3.10.1 Equity research analysts' forecasts

The table below sets out a summary of equity research analysts' estimates based on reports available to us as at 24 May 2024.

Table 13: Summary of equity research analysts' estimates

\$m (unless otherwise stated)	Audited	Average estimate		
	FY23	FY24	FY25	FY26
Revenue	167.8	182.0	196.0	212.0
Pre-AASB16 EBITDA	23.4 ¹	28.0 ²	31.6 ²	37.0 ²
Revenue growth (%)	19%	8%	8%	8%
Pre-AASB16 EBITDA margin (%)	14%	15%	16%	17%
Dividends per share (cents)	2.60	3.68	4.07	5.37

Notes:

1. Based on Table 8

2. May not align with the underlying EBITDA calculated by us in Table 8 as it is not clear whether analysts take account of the impact of long term incentive costs

Sources: S&P Capital IQ, FY23 financial statements, Equity research analysts reports, Deloitte Corporate Finance analysis

The average estimates are based on coverage by 3 equity research analysts published on or after February 2024. Themes raised in the research reports are summarised below:

- An industry dynamic characterised by dental providers having limited pricing power, however, are impacted by higher cost inflation in respect of labour costs associated with award rates, impacting profitability in the sector
- Future upside driven by dental centre roll outs (despite the current slowdown in roll outs), market share gain from smaller dental providers and capacity increases through adding dental chairs to existing centres
- Intellectual property held by PSQ on its self-funded expansion model which competitors cannot emulate
- Risks associated with the loss of key health insurer arrangements.



4 Valuation approach and assumptions

4.1 Valuation summary

We have estimated the enterprise value of PSQ to be in the range of \$280m to \$340m. After adding net cash, this implies a value of between \$1.80 and \$2.17 per share. A summary of our valuation is set out in the following table:

Table 14: PSQ valuation summary

	Section	Low	High
Market multiples approach	4.3	275.5	304.5
Discounted cash flow approach	4.4	290.0	370.0
Enterprise value (selected)		280.0	340.0
Add/(less): Surplus assets/(liabilities)	4.5	-	-
Add: Net cash	4.6	11.3	11.3
Equity value (control basis)		291.3	351.3
Number of shares	4.7	161.7	161.7
Equity value per share		1.80	2.17

Source: Deloitte Corporate Finance analysis

In estimating the enterprise value of PSQ, we have had primary regard to the market multiples approach, but also the discounted cash flow approach. Our rationale for selecting these approaches is as follows:

- The market multiples approach confers the benefit of having valuation reference points of comparable businesses. However, it still requires exercise of judgement to reflect the differences between the businesses
- The discounted cash flow approach allows for significantly more flexibility in medium to long-term financial projections. However, it presents challenges with respect to being able to accurately project medium to long-term cash flows, especially due to difficulties with forecasting the impact of future centre growth and profitability.

We have selected an enterprise value range of between \$280m and \$340m. We consider that the top end of this range reflects the value associated with the platform embedded in PSQ which may be available to realise over the medium to long term.

We have added to this enterprise value the estimated value of net cash to arrive at the equity value of PSQ. The equity value has then been translated into a value per PSQ share based on the number of shares expected to be on issue at the Implementation Date. This valuation considers market participant benefits, which includes listed company cost savings and cost synergies which PSQ shareholders do not benefit from.

The analysis supporting the valuation is set out in the following sections.

4.2 Selection of valuation methodologies

We estimated the enterprise value of PSQ using the market multiples method, before adding net cash. Refer to Appendix 2 for a brief discussion of the various valuation methodologies which can be adopted in valuing entities and businesses. The market multiples approach involves applying a multiple to estimated earnings.

In this regard, we note:

- there have been two transactions involving businesses with operations sufficiently comparable to PSQ from which a meaningful comparison can be made and an appropriate multiple can be ascertained. Furthermore, there are a number of ASX listed companies in the Australian health services industry against which meaningful comparisons can be made
- PSQ is a mature and established business, and although there is an element of maturation and growth potential in the existing portfolio, we consider this can be accounted for under the market multiples methodology.

We also undertook a discounted cash flow analysis having regard to cash flow projections initially developed by PSQ management. We considered various scenarios to account for the uncertainty related to future business performance.

Our valuation of PSQ has been undertaken on a control basis, consistent with the requirements of ASIC RG111.

4.3 Market multiples approach

Set out below is a summary of the outcome of the market multiples approach.

Table 15: Valuation based on earnings multiple

	Section	Unit	Low	High
EBITDA	4.3.1	\$m	29.0	29.0
Earnings multiple	4.3.3	Times	9.5x	10.5x
Enterprise value		\$m	275.5	304.5

Source: Deloitte Corporate Finance analysis

We have selected EBITDA as an appropriate measure of earnings because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows a better comparison with earnings multiples of other comparable companies.

We have considered EBITDA inclusive of cash rental costs, also referred to EBITDA on a pre-AASB16 basis throughout this report. The adopted EBITDA reflects a market participant level of earnings (i.e. including cost savings and synergies that may be available to a market participant), and differs from the earnings achieved by PSQ under the current status quo. This is an earnings measure monitored by PSQ management and is adopted by equity research analysts covering PSQ.

4.3.1 Assessment of EBITDA

In selecting a normalised EBITDA, we considered the following:

- the historical financial performance of PSQ from FY22 through to H1 FY24, adjusted for abnormal or non-recurring revenue and expenses and as set out in Table 7
- PSQ management's FY24 budget, along with revised forecasts as at 31 March 2024, having regard to actuals to date
- forecasts by equity research analysts covering PSQ as set out in Table 13
- the potential to reduce costs that PSQ currently incurs by being a listed company
- cost synergies that market participants may be able to achieve, specifically related to executive cost savings
- the ongoing impact of the payroll tax costs, insofar as it relates to dental practitioners.

We also highlight the following in respect of our assessment of EBITDA:

- no future acquisitions or disposals have been factored into our assessment of EBITDA
- the adopted EBITDA does not reflect the upside potential in respect of the maturation of new centre cohorts. We consider that this should be reflected in the assessment of the earnings multiple
- we have considered EBITDA on a pre-AASB16 basis, that is, inclusive of cash rental costs.

Based on the above considerations, we have adopted an EBITDA of \$29.0m. The selected EBITDA:

- takes account of listed company cost savings and other cost savings
- takes account of payroll taxes that relate to dental practitioners (and in particular, those relating to dental practitioners operating under SFAs)
- is higher than the underlying EBITDA in FY23, to reflect the improvement in fees and utilisation across FY24
- is within PSQ management's FY24 guidance of a range of \$26m to \$28m, after taking account of listed company cost savings and other cost savings (noted above)
- slightly higher than average FY24 EBITDA estimated by equity research analysts of \$28m, but, again, is partially explained by the listed company cost and cost synergies assumed above.



4.3.2 Assessment of earnings multiple

In selecting an appropriate earnings multiple, we considered earnings multiples observed from share market prices of listed companies with operations in the health services industry and the implied multiple paid to acquire companies with operations similar to PSQ.

There are two recent transactions involving Australian dental service providers which we consider highly comparable to PSQ, being the transactions with 1300smiles and Abano. We have also identified transactions and listed companies in the broader Australian health services sector, which we consider provide relevant valuation reference points. In respect of transactions, we limited transactions to those after 2020, due to the impact that COVID has had on the sector.

The transactions and listed companies that we consider most relevant are set out in the table below, and the full list is set out in Appendix 3 and Appendix 4.

Table 16: Selected valuation metrics

	Metric type	Revenue (\$m)	EBITDA margin ¹	EBITDA multiple ¹	
		Historical	Historical	Historical	Adjusted ²
Abano	Transaction (Dec-2020)	244	7%	15.8x	8.2x
1300smiles	Transaction (Dec-2021)	45	27%	13.5x	11.5x
SILK	Transaction (Nov-2023)	98	19%	9.9x	
Healthia	Transaction (Dec-2023)	256	15%	9.5x	
		Historical	Historical	Historical	Current
Ramsay Health Care	Listed company	15,405	8%	12.5x	10.6x
Pathology service providers (Healius, ACL and Sonic)	Listed company	696 – 8,145 (Avg = 3,516)	7% – 16% (Avg = 12%)	6.1x – 10.7x (Avg = 9.1x)	7.6x – 13.2x (Avg = 10.8x)
Radiology service providers (Integral and Capitol)	Listed company	210 – 441 (Avg = 325)	13% – 15% (Avg = 14%)	11.6x – 12.6x (Avg = 12.1x)	9.7x – 10.8x (Avg 10.3x)

Notes:

1. On a pre-AASB16 basis

2. Refer to commentary in the below paragraphs for context to the adjusted amount.

Source: Financial reports, Capital IQ broker consensus, Deloitte Corporate finance analysis

Our key considerations in respect of the comparable transactions are:

- PSQ operates and manages 128 centres across the eastern seaboard of Australia, plus 8 HBF Dental centres managed in Western Australia. Based on the mid-point of PSQ management's FY24 earnings guidance, PSQ is expected to achieved revenues of c. \$177m³, and an underlying EBITDA margin of c. 15%
- Abano was acquired in December 2020. At the time of the transaction, Abano was larger than PSQ with 239 centres and had a portfolio balanced between New Zealand and Australia. At the time of the transaction, it owned c.45% of its centres.
- Abano's FY20 margins were low (7%), however, this period was impacted by COVID. In the preceding period Abano achieved an underlying EBITDA margin of 12%, which is lower than the profitability achieved by PSQ today.
- The business also had high levels of gearing (50%), impacting the free cash available to reinvest in growth.
- Abano's observed multiple of 15.8x would reduce to 8.2x if based on FY19 underlying EBITDA (based on the view that such earnings were more reflective of normalised earnings for the business). Based on the factors noted above, we consider PSQ would warrant a higher multiple than the 8.2x noted above
- 1300smiles was acquired in December 2021. At the time of the transaction it was smaller than PSQ with 32 centres, however it generated a higher EBITDA margin (27%), which the independent expert in the transaction attributed to a leaner corporate structure (than PSQ) and active management of underperforming centres. PSQ's lower margins can be attributed to the greenfield growth model and the recently opened centres which are yet to attain maturity. The 1300smiles business is heavily weighted to the QLD market, which at the time of the transaction, was relatively less impacted by COVID lockdowns

³ Assuming revenue = 60% of patient fees, and PSQ management's disclosure of \$293m to \$297m patient fee guidance (\$295m mid-point)

- The multiple implied for 1300smiles of 13.5x reflects FY21 underlying EBITDA, which 1300smiles management adjusted to exclude the Jobkeeper subsidy. If this subsidy was included, on the basis that it was a subsidy to support employee costs (which were not adjusted), this would result in an EBITDA multiple of 11.5x. With the change in interest rates and economic environment, we consider the multiple would translate into a lower multiple today
- We also had regard to the acquisition of Healius GP and dental clinics. Whilst the dental operations are clouded by the general practitioner clinics, they share similar operating dynamics, being health services provided by qualified healthcare professionals. General practitioner services are considered non-discretionary and funded by Medicare (as opposed to private health insurance). In addition, the transaction was completed in the midst of COVID with GP appointments increasing during this period due to patients experiencing COVID symptoms and the roll-out of the vaccine. Whilst no EBITDA multiple was disclosed for this transaction, Healius management disclosed that the transaction implied an EBIT multiple of 13.3x, which we estimate translates to an EBITDA multiple of 8.2x
- Of the remaining transactions we had primary regard to Healthia and SILK. Healthia is a network of healthcare services providers, including optometry, podiatry and physiotherapy clinics across Australia and New Zealand. SILK is a network of beauty clinics, providing various non-surgical products and services, including cosmetic injectables, laser hair removal, skin treatment and fat reduction. SILK owns c. 50% of the clinics it operates, and, all other things being equal, ownership of property would result in a higher multiple. Overall, these businesses could be viewed as being not dissimilar to PSQ given they involve the provision of health related services from qualified professionals, but with exposure to consumer discretionary expenditure exposure. The transactions involving these businesses occurred in the second half of 2023, and therefore are more current. These transactions occurred at valuations implying multiples of historical EBITDA of 9.5x and 9.9x.

We also considered listed comparable companies. Apart from PSQ, there are currently no other listed Australian dental services providers, and, as such, we had regard to the broader Australian health services sector. We summarise our considerations in respect of these companies below:

- Operators in this group are generally exposed to similar macro-economic factors, such as ageing population and, more recently, cost inflation environment, in particular in relation to the health sector wage increases. Having said this, dental services business such as PSQ have greater exposure to consumer discretionary expenditure when compared to providers of other health services
- Ramsay is a hospital operator and provider of health services, including acute care, imaging and diagnostics, primary care, pharmacy and out of hospital care. It operates across Australia, UK, Europe and Asia. Relative to PSQ, Ramsay is significantly larger, more diversified, and has a significant amount of owned land and buildings. All other things being equal, these factors suggest that a higher multiple would be applicable to Ramsay. Similarly, this business is significantly more capital intensive and has a higher level of gearing, which would partially offset the arguments for a higher multiple noted earlier
- Sonic, Healius, and Australian Clinical Labs (ACL) are pathology services providers with operations in Australia. Sonic also has operations in North America and Europe. Sonic and Healius are significantly larger than PSQ, and to a lesser extent, Australian Clinical Labs. Compared to dental services, pathology has less discretionary demand and a different funding structure. The earnings of these companies have historically benefited from the impacts of COVID which resulted in an increase in COVID related testing. However, testing activities are returning to long-term pre COVID historical trends
- Radiology services providers, including Integral Diagnostics and Capitol Health operate within the Australian health services sector. These operators provide medical imaging services, such as X-ray, MRI and ultrasounds. Compared to dental services, radiology has less discretionary demand and a different funding structure. This group was impacted by COVID restrictions like PSQ, however, these businesses are different in terms of the capital intensity of operations. These companies trade at a current EBITDA multiple of 9.7x to 10.8x.

4.3.3 Selected multiple

We have selected an EBITDA multiple in the range of 9.5x to 10.5x having regard to the following:

- PSQ has a higher level of profitability and growth prospects than Abano (at the time of the transaction), which was impacted by high levels of debt. We consider this warrants a higher multiple than the adjusted multiple estimated by us
- compared to 1300smiles, PSQ is larger, more diversified and has higher embedded capacity, although has a lower level of profitability
- PSQ's greenfield growth model has historically impacted earnings generated, resulting in lower margins, due to newer centres being unprofitable as they ramp-up. There is therefore embedded earnings growth potential in existing chairs that have yet to ramp up. Furthermore, existing centres have embedded capacity, allowing the business to grow in the medium term at existing sites, with the marginal additional profitability at those centres then being greater. Both of these factors warrant a higher multiple as these factors have not been accounted for in the selected EBITDA
- uncertainty in respect of possible renegotiations of PSQ's material contracts



- the possibility of further negative assessments or determinations in respect of payroll tax
- the current environment, in particular operations post COVID restrictions and wage related cost inflation, is reflected in the listed comparable companies.

4.4 Discounted cash flow method

The discounted cash flow approach estimates enterprise value by discounting a company's future cash flows to their net present value provided that the future cash flows that are expected to be derived from a business are capable of being estimated with a reasonable degree of confidence.

The discounted cash flow method requires the determination of the following:

- future cash flows of the business
- an estimate of the terminal value growth rate
- an appropriate discount rate to be applied to the future cash flows.

Our considerations on each of these factors are presented below.

4.4.1 Future cash flows

The starting point of the cash flow projections was the historical performance of the business, including the year to date performance in FY24. The cash flows are then projected having regard to key drivers, for a period of 4 years. In reviewing these projections and the basis of the value drivers, we made amendments to the FY24 base to broadly align the base year to Management's earnings guidance.

We also had regard to PSQ management's draft FY25 budget, which at the date of this report was undergoing board review. In developing their annual budgets, PSQ management undertakes a detailed review of operations and financial performance. The PSQ budgeting process typically commences in March prior to financial year end. Budgets are prepared at a bottom-up, centre-by-centre level, having regard to centre-specific performance and opportunities. This is developed by the Finance team (at the corporate level), before it is socialised with the Board for initial feedback. This also involves consideration around strategic initiatives and the investment required to support such initiatives. After this, and following input from each centre, the budgets at the centre level are consolidated and reviewed by the field leaders within each region. It is then presented to the Board for final approval.

Set out below are the key considerations in PSQ management's development of the FY25 budget:

- through FY25, the business anticipates being focussed on the current portfolio optimisation strategy, which is focussed on growing appointments in existing centres. This is likely to include limited growth in number of chairs (in existing centres)
- whilst labour cost inflation is expected to drive cost growth, the budget is targeting accretion of forecast EBITDA margins primarily driven by greater growth in attended appointments per chair and service fee per appointment, and through active management of staff utilisation and rest of the operating cost base
- capital expenditure is expected to increase from FY24 as a result of a higher level of refurbishments and proposed centre relocations
- increased IT expenditure to enhance the business' ability to deal with cybersecurity risks.

In considering the future possible cash flows we considered various scenarios which capture the value under different possible outcomes, and assuming escalating risk profiles. The scenarios are set out as follows:

- **Scenario 1 – No investment case:** This scenario assumes no new centres and/or chairs in the forecast period. This scenario reflects a business-as-usual position with a gradual uplift in patient fees as a result of increased number of appointments (i.e. increased utilisation) and service fee per appointment. We assume a level of operational efficiency can be achieved in the forecast period on the back of increased revenue resulting in a small uplift in EBITDA margin towards the end of the forecast period
- **Scenario 2 – Uplift in chair capacity:** This scenario considers a growth scenario whereby active chairs in mature and newer cohorts are assumed to reach 100% and 85% of capacity, thereby taking up latent chair capacity in existing centres. This scenario adopts the same revenue and cost assumptions as scenario 1. The book-ends of this scenario also assume the roll-out of new chairs is faster at the top end of the range and slower at the bottom end of the range

- **Scenario 3 – Opening of new centres:** This scenario considers a higher, more aggressive growth scenario and is a variation to scenario 2. In addition to the increase in chair capacity, this scenario includes the value impact of the opening of one new centre per annum at the low end of the range to three new centres per annum at the high end of the range. For each new centre, we assume a ramp up profile consistent with PSQ management's view (as described in Section 3.3) and additional capital expenditure.

The high and low range within each scenario arises due to differing price, cost and volume inputs, that are consistently applied across each of the scenarios. These include appointment/service fees, attended appointments per chair and employee cost growth. The bottom end of each range assumes cost inflation outpaces service fee growth, whilst the top end of the range assumes service fee growth in line with cost inflation. We have also applied a sensitivity to HBF revenue growth at the bottom and top of our range within each scenario.

4.4.2 Terminal growth rate

We have estimated a terminal value at the end of the forecast period using the perpetuity growth formula. Our assessment of the terminal growth rate has had regard to long term inflation forecasts in Australia.

4.4.3 Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor.

Discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity selected. We have used the modified Capital Asset Pricing Model to assess the cost of equity. This model calculates the minimum rate of return that the company must earn on the equity financed portion of its capital. We are of the opinion that the modified Capital Asset Pricing Model is appropriate as this takes account of company specific factors though the company specific risk premium. We used the following inputs in applying this model:

- a cost of equity of 10.5% to 11.6% based on:
 - a risk-free rate of 4.3% based on the five-day average of the ten-year Australian government bond as at 24 May 2024. A risk-free rate compensates the investor for the time value of money and the expected inflation rate over the investment period
 - an equity market risk premium of 5.5% based on Deloitte Corporate Finance's current view on the market cost of equity
 - an unlevered beta of 0.8 to 0.9 having regard to the betas of the comparable companies identified in Appendix 3. We also had regard to the industry betas published by SIRCA⁴ and Aswath Damodaran⁵ for the Hospitals/Healthcare and Healthcare Support services sectors. Whilst the comparable companies have different risk profiles, this has been reflected in the company specific risk premium (below). Whilst the comparable companies have different risk profiles, this has been reflected in the company specific risk premium (below). This results in a levered beta of 0.9 to 1.0
 - company specific risk premium of 2.0% to 2.5% to reflect factors not otherwise reflected in the discount rate inputs referred to above, including PSQ being less diverse, the risks associated with reliance on key partnerships and associated uncertainty in respect of possible renegotiations, and the discretionary nature of the services offered by PSQ and more generally the dental sector.
- a net debt to enterprise value ratio of 10% based on gearing levels observed for comparable companies (but noting that a number of these companies own substantial property, plant and equipment which is available as asset backing for debt funding), current and projected levels of PSQ net cash, gearing levels of 1300smiles at acquisition (c. 0%), as well as capacity to service debt
- a pre-tax cost of debt of 6.8%. We had regard to Deloitte's long term view on base rates, the spread of BBB-rated debt as published by Reserve Bank of Australia and the cost of debt on PSQ's existing debt facilities
- We have selected a tax rate of 30% which is consistent with the Australian corporate tax rate at the date of this report.

We also had regard to:

- the discount rates adopted by equity research analysts covering PSQ, in the range of 9.6% to 10.2%

⁴ SIRCA industry betas as at 31 December 2023

⁵ Aswath Damodaran's industry betas as at 5 January 2024



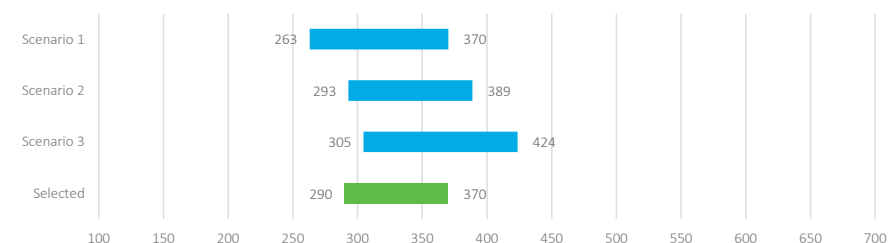
- the WACC adopted in the independent expert's report for 1300smiles of 8.0% to 8.5%, noting that this was assessed in a different economic environment, and specific to the opportunities and risk of 1300smiles.

Based on the above, we have selected a base discount rate in the range of 10.0% to 11.0%. This is aligned to the risk profile of scenario 1, and recognises the discretionary nature of dental services. In respect of scenarios 2 and 3, we have applied risk premiums (2% for scenario 2 and an additional 1.5% for scenario 3) to reflect the additional risk associated with (i) growing patient volumes, (ii) additional capital expenditure and the associated returns required on investment, (iii) uncertainty associated with growth in new areas and (iv) potential delays to expansion plans.

4.4.4 Conclusion on discounted cash flow valuation

The valuation range for each of the scenarios described in Section 4.4.1 is presented in the figure below.

Figure 14: Outputs of discounted cash flow valuation



Source: Deloitte Corporate Finance analysis

The selected enterprise value using a discounted cash flow approach ranges from \$290m to \$370m. In selecting this range, we had regard to the following:

- no growth in centres or chairs (as reflected in scenario 1) could be considered conservative, especially having regard to PSQ management's track record of growing the business. Furthermore, this scenario does not allow for the realisation of value attributable to the latent chair capacity that exists in existing centres
- in the current environment, where PSQ management has paused the roll out of new centres to focus on profitability of existing centres, immediate growth in centres and chairs (as reflected in scenario 3) can be considered optimistic. It is also hard to see with the dependency on consumer spend, the current economic environment and the latent capacity how another party would be willing to price an alternative view
- the low end of the range of each scenario reflects an environment where cost inflation exceeds price growth, and whilst we consider this unlikely to persist over the long term, this is not necessarily in the control of PSQ
- the top end of our selected range recognises some value attributable to PSQ management's ability to continue to expand and develop new centres over the medium term, which we consider appropriate given PSQ management's track record.

4.5 Other assets/(liabilities)

No surplus assets or liabilities have been identified.

4.6 Net cash

PSQ's net cash position, inclusive cash, borrowings, income tax payable and payroll tax provisions, is projected to be \$11.3m at or around the Implementation Date. This reflects expectations on operational cash flows until Implementation Date, pay down of debt, payment of costs related to the Proposed Scheme that will be incurred regardless of whether the transaction proceeds and a provision for payroll tax.

4.7 Number of shares outstanding

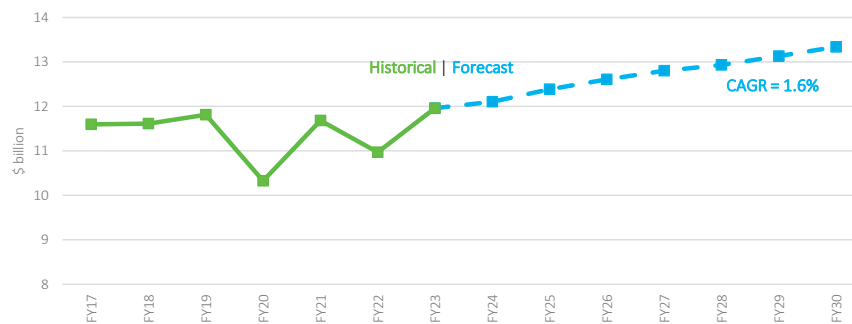
As discussed in Section 3.9.2, the number of shares issued is anticipated to be 161.7m at or around the Implementation Date. In estimating the number of shares at Implementation Date we had regard to the Board's current expectation regarding the exercise of its discretion.

Appendix 1: Industry considerations

COVID impacts on the sector

Early in the COVID pandemic, the Australian Health Protection Principal Committee issued advice to the National Cabinet that dental practices implement restrictions to defer all routine examinations and treatments unless treatments do not generate aerosols or generate limited aerosols. While these restrictions were implemented and eased at various times over the course of the pandemic, many Australians deferred dental visits in light of Government mandated restrictions and regional lockdown measures. It was estimated that around 1 in 8 (12%) adults aged 15 years and over delayed seeing or did not see a dental professional at least once in the last 12 months due to COVID disruptions during 2020 to 2021⁶. This resulted in a backlog of appointments and residual demand, including more expensive restorative procedures as a result in delayed dental appointments. This also led to volatility in industry revenue and growth, as illustrated in Figure 15.

Figure 15: Industry revenue (FY23 real basis)



Source: IBISWorld

Growing and ageing population

Compared to younger cohorts, older people have higher rates of tooth decay and tooth wear. This is partly due to lower dental health standards of the older generations and lack of preventative care when they were younger. As a result, older people tend to require more expensive dental work when compared to younger demographics. With the Australian population set to increase at an annual rate of between 1% to 2% until June 2032 and the median age projected to increase from approximately 39 years to between 44 to 48 years⁷, an ageing and growing Australian population is anticipated to provide growth opportunities to the dental services industry.

Industry structure

The Australian dental services industry is highly fragmented, predominantly made up of independent sole proprietors that operate relatively small-scale dental practices, with approximately 95% of dental services enterprises generating less than \$2.0m in annual revenue⁸. As such, competition is fragmented. Set out in the table below are key peers of PSQ.

⁶ Australian Institute of Health and Welfare, Oral health and dental care in Australia report, dated 21 November 2023

⁷ Australian Bureau Statistics, Population Projects, dated 23 November 2023

⁸ IBISWorld, Dental Services in Australia industry report, dated January 2024

Table 17: Key corporate dental centre groups

Company	Number of centres
Abano Healthcare (including 1300smiles)	260+
Bupa Dental	170+
PSQ (HBF Dental centres managed by PSQ)	136
National Dental Care	80+
Primary Dental	62
Ekeru Dental	45

Source: PSQ management, Deloitte Corporate Finance analysis

Whilst dental costs are largely privately funded, the industry structure is supported by certain factors, including:

- Private Health Insurance participation rates. In Australia private health insurance is voluntary, with 54.6% of the population having some form of general treatment cover (including dental)⁹. Depending on the type of cover, private health insurance can cover additional costs not covered by Medicare, such as dental extras, making the costs associated with dental treatments more affordable
- Access to preferred provider agreements provides health fund members with favourable rates, which helps limit out of pocket expenses for members and thereby increasing the likelihood to dental visits
- Child dental benefit scheme provides financial support funded by the Government for eligible children to access dental care
- Cosmetic dentistry continues to increase demand for orthodontic procedures, teeth whitening, veneers and crowns.

Industry margin pressure

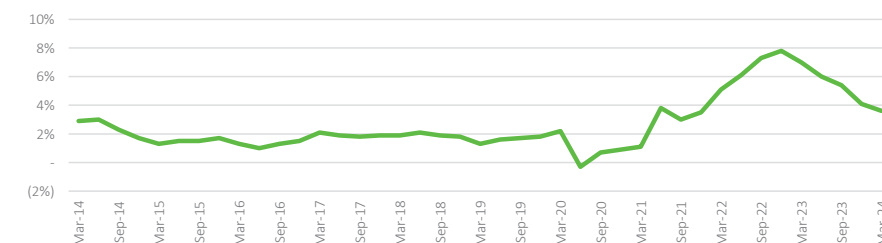
The Australian dental services industry revenue grew at a compound annual growth rate (real) of 1.2% in 2024, and 0.5% across the five year period to 2024¹⁰. Industry revenue growth has historically been below CPI. With dental services largely privately funded, consumers often have a choice of dental service provider. Furthermore, the industry's high fragmentation maintains price pressure on operators.

The current cost of living crisis has also led to consumers taking steps to reduce health expenses, while the same inflationary pressure elevates operating costs of dental services operators. In particular, rising employee costs, with recent Fair Work Australia award rate increases has challenged margins in the industry. In response, industry players have been focused on streamlining systems and processes to drive efficiencies and implementing cost-reduction measures.

Cost of living pressures

In the period following COVID, the consumer price index increased significantly, with key underlying drivers including housing, utilities, food, and transport costs. This illustrates the rising cost of living in Australia, putting pressure on Household finances and discretionary income. For sectors such as the dental services sector, where expenditure is largely considered discretionary, such pressures may impact sector volumes going forward.

Figure 16: Historical consumer price index growth



Source: ABS

⁹ APRA, Quarterly private health insurance statistics, December 2023

¹⁰ IBISWorld, Dental Services in Australia industry report, dated January 2024

Appendix 2: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can be categorised under one of the following three approaches.

Market approach

The market approach involves the determination of fair value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Valuation methods commonly adopted under the market approach include:

- earnings multiples
- analysis of an entity's recent share trading history
- industry specific methods.

The earnings multiple method estimates fair value as the product of an entity's earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Income approach

The income approach involves the determination of fair value based on the present value of future amounts. The discounted cash flow method estimates fair value by discounting an entity's future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence, and is commonly used to value early stage companies or projects with a finite life.

Other methods under the income approach include option pricing models (such as Black Scholes-Merton formula or a binomial model) and the multi-period excess earnings method in the case of valuing intangible assets.

Cost approach

The cost approach involves the determination of fair value based on the cost of replacement. Valuation methods under the cost approach estimate the fair value of an entity's shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method, except that it assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair value of the net assets of an entity, after deduction for the costs of operating the net assets of the business, but does not take account of realisation costs.

These methods ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill which may not be recognised on the balance sheet. Asset based methods are appropriate when companies are not profitable, or a significant proportion of an entity's assets are liquid, or for asset holding companies.



Appendix 3: Comparable entities

We identified the following listed companies that operate within the Australian health services industry.

Table 18: Comparable company financial performance and valuation metrics

	Segment	EV ¹ (\$m)	Debt / EV ²	EBITDA multiple ¹		EBITDA margins ¹		Beta (ungeared)	
				Historical	Current	Historical	Current	2 year ²	4 year ³
Ramsay Health Care	Hospitals	15,948	30%	12.5x	10.6x	8%	9%	0.80	0.73
Sonic Healthcare	Pathology	13,784	14%	10.7x	11.7x	16%	13%	0.82	0.82
Healius	Pathology & Radiology	1,285	25%	10.4x	13.2x	7%	6%	0.85	0.82
Integral Diagnostics	Radiology	770	27%	11.6x	10.8x	15%	15%	n/m	0.66
Monash IVF Group	IVF	590	8%	13.3x	10.5x	21%	22%	0.89	1.20
Australian Clinical Labs	Pathology	500	11%	6.1x	7.6x	12%	10%	0.84	1.19
Capitol Health	Radiology	329	19%	12.6x	9.7x	13%	14%	0.61	0.72
Average			19%	11.0x	10.6x	13%	13%	0.80	0.88
Median			19%	11.6x	10.6x	13%	13%	0.83	0.82

Notes:

EV = Enterprise value, n/m = not meaningful

1. EV and EBITDA are presented on a pre-AASB16 basis, i.e. excluding lease liabilities from EV, and including cash rent costs in EBITDA. Where no AASB 16 disclosures have been made, we have estimated the cash rental cost based on financial report disclosures

2. Calculated on a weekly basis

3. Calculated on a monthly basis.

Source: Publicly available announcements, S&P Capital IQ, Deloitte Corporate Finance analysis

Appendix 4: Comparable transactions

We identified the following transactions involving businesses in the Australia and New Zealand dental, and broader Australian health services industry.

Table 19: Comparable transactions

Date	Target	Acquirer	Enterprise value (\$m)	EBITDA multiple (times)	EBITDA multiple (adjusted) (times)	Basis	Notes
Australia & New Zealand dental services							
Dec-21	1300smiles	Abano	165	13.5x	11.5x	Pre-AASB16	1
Dec-20	Abano Healthcare	Adams NZ Bidco	257	15.8x	8.2x	Pre-NZ IFRS16	2
Australian health services							
Dec-23	Healthia	Pacific Equity Partners	358	9.5x		Pre-AASB16	
Nov-23	SILK	Wesfarmers	185	9.9x		Pre-AASB16	
Nov-22	Future Medical Imaging	Capitol Health	54	8.1x		Pre-AASB16	3
Jul-22	Virtus	BGH	829	11.6x		Pre-AASB16	4
Jul-22	Horizon Radiology	Integral Diagnostics	27	7.9x		Pre-AASB-16	5
Jul-22	Peloton Radiology	Integral Diagnostics	75	9.4x		Post-AASB16	6
Nov-21	The X-Ray Group	Integral Diagnostics	38	7.1x		Pre-AASB16	7
May-21	SunDoctors	ACL	77	8.7x		Pre-AASB16	8
Nov-20	Healius GP and Dental Clinics	BGH	500	n/a		Not applicable	9
Sep-20	Ascot Radiology	Integral Diagnostics	48	8.4x		Pre-AASB16	10

Notes:

n/a = not available

1. EBITDA represents underlying operating pre-AASB16 EBITDA, as disclosed by Management. Management excludes Jobkeeper support from their EBITDA disclosure. The adjusted multiple includes Jobkeeper support in EBITDA
2. EBITDA based on Management pre-NZ IFRS16 disclosure. Adjusted multiple was calculated using FY19 underlying EBITDA (based on the view that such earnings were more reflective of normalised earnings for the business)
3. Enterprise value and EBITDA based on disclosures by Capitol management
4. Pre-AASB16 EBITDA estimated based on disclosures by the company
5. Based on disclosures by Integral management, and excludes earn-outs and contingent consideration
6. Based on disclosures by Integral management and excludes earn-outs and contingent consideration. Disclosures do not specify treatment of AASB-16
7. Enterprise value based on disclosures by Integral management and excludes earn-outs and contingent consideration. EBITDA is based on mid-point of disclosed range
8. Based on disclosures by ACL management and excludes earn-outs and contingent consideration. Disclosures do not specify treatment of AASB-16
9. Based on disclosure by Healius (seller) management
10. Enterprise value based on disclosures by Integral management and excludes earn-outs and contingent consideration. EBITDA is based on mid-point of disclosed range.

Source: Company disclosures



Appendix 5: Context to the report

The report has been prepared at the request of the Directors of PSQ and is to be included in the Scheme Booklet to be given to PSQ shareholders for approval of the Proposed Scheme. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the PSQ shareholders and PSQ, in respect of this report, including any errors or omissions however caused.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is fair and reasonable to, and in the best interests of, PSQ shareholders as a whole.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

Individual circumstances

We have evaluated the Proposed Scheme for PSQ shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is fair and reasonable to, and is in the best interests of, PSQ shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by PSQ and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to PSQ management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by PSQ and its officers, employees, agents or advisors, PSQ has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which PSQ may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by PSQ and its officers, employees, agents or advisors or the failure by PSQ and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of PSQ personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for PSQ included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of PSQ referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Qualifications

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employee of Deloitte Corporate Finance principally involved in the preparation of this report was Tapan Parekh, Authorised Representative, B.Bus, M.Comm, CA, F.Fin. Tapan has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 50 Bridge Street, Sydney, NSW, 2000 acknowledges that:

- PSQ proposes to issue a Scheme Booklet in respect of the Proposed Scheme
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet (Draft Scheme Booklet) for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report in Attachment B of the Scheme Booklet.

On the basis that the Scheme Booklet is consistent in all material respects with the Draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report in Attachment B of the Scheme Booklet and to all references to its independent expert's report or references to statements made in its independent expert's report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert's report as included in Attachment B.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- Draft Scheme Booklet
- Management presentation documents prepared for the benefit of interested parties
- information made available through a dataroom setup to assist interested parties
- audited financial statements for PSQ for the years ending 30 June 2020 to 31 December 2023
- year to date financial information for PSQ as at March 2024
- management analysis and information in respect of operating metrics of centres/cohorts
- draft budget for PSQ for the year ending 30 June 2025
- PSQ board reports dated from April 2022 to April 2024
- PSQ company website
- a website published by Dr Abrahams at the time of his requisition of an extraordinary general meeting, www.psqvaluerecovery.com.au
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, SDC Platinum and Mergermarket
- IBIS World company and industry reports
- other publicly available information, media releases and broker reports on PSQ and the dental services industry.

In addition, we have had discussions and correspondence with certain directors and executives in relation to the above information and to current operations and prospects.



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Attachment C Scheme of Arrangement

Attachment C

Scheme of Arrangement



Scheme of arrangement

Pacific Smiles Group Limited

Each person registered on the Share Register as a holder of PSQ Shares as at the Record Date

SYDNEY | MELBOURNE | PERTH

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Date: [*] 2024

This scheme of arrangement is made under section 411 of the Corporations Act.

Parties

- 1 **Pacific Smiles Group Limited** (ACN 103 087 449) of Level 1, 6 Molly Morgan Dr, Green Hills, NSW 2323 (**PSQ**)
- 2 Each person registered on the Share Register as a holder of PSQ Shares as at the Record Date (**Scheme Shareholders**)

The parties agree

1 Defined terms and interpretation

1.1 Defined terms

A term or expression which is defined in the dictionary in Schedule 1 has the meaning given to it in the dictionary.

1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this Scheme.

2 Preliminary matters

2.1 PSQ

- (a) PSQ is an Australian public company limited by shares and PSQ has been admitted to the official list of ASX.
- (b) As at the date of the Implementation Deed, there were on issue:
 - (i) 159,581,938 PSQ Shares were on issue which are officially quoted for trading on ASX; and
 - (ii) 3,503,944 Performance Rights some of which can convert into PSQ Shares as permitted by the Implementation Deed.

2.2 Bidder

Bidder is an Australian proprietary company limited by shares.

2.3 If Scheme becomes Effective

- (a) If this Scheme becomes Effective:
 - (i) in consideration of the transfer of the Scheme Shares to Bidder, Bidder must pay, or procure the payment of, the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll;

- (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidder on the Implementation Date; and
 - (iii) the transfer of Scheme Shares will be taken to be effective on the Implementation Date and PSQ will enter the name of Bidder in the Share Register in respect of all the Scheme Shares in accordance with the terms of this Scheme on the Implementation Date.
- (b) PSQ and Bidder have entered into the Implementation Deed in respect of (among other things) the implementation of this Scheme.
- (c) This Scheme attributes certain actions to Bidder but does not itself impose any obligations on Bidder to perform those actions, as Bidder is not a party to this Scheme. By executing the Deed Poll, Bidder has undertaken in favour of each Scheme Shareholder to:
- (i) pay, or procure the payment of, the Scheme Consideration in accordance with the terms of this Scheme; and
 - (ii) undertake, or procure the undertaking of, all other actions attributed to it under this Scheme, as if named as a party to the Scheme,
- in each case subject to and in accordance with the terms and conditions of this Scheme.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on, and will not become Effective until and unless, the following conditions precedent are satisfied:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in clause 3.1(c) of the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their respective terms before 8:00am on the Second Court Date;
- (c) the Court having approved this Scheme in accordance with section 411(4)(b) of the Corporations Act, including with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by PSQ and Bidder; and
- (d) the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Scheme having come into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificates

- (a) Each of PSQ and Bidder will provide a certificate signed for and on behalf of the relevant party in the form of a deed (or such other evidence as the Court may require) to the Court at the Second Court Hearing confirming (in respect of matters

within their knowledge) whether or not the conditions precedent in clauses 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived.

- (b) The certificates given by PSQ and Bidder under clause 3.2(a) constitute conclusive evidence that the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

3.3 End Date

- (a) Without limiting any rights under the Implementation Deed, this Scheme will lapse and be of no further force or effect if:

- (i) the Effective Date does not occur on or before the End Date; or
- (ii) the Implementation Deed or the Deed Poll is terminated in accordance with their respective terms,

unless Bidder and PSQ otherwise agree in writing (and if required, as approved by the Court).

- (b) Without limiting any rights under the Implementation Deed, in the event that the Implementation Deed is terminated in accordance with its terms before 8:00am on the Second Court Date, PSQ and Bidder are each released from:

- (i) any further obligation to take steps to implement this Scheme; and
- (ii) any liability with respect to this Scheme.

3.4 Conditions precedent and operation of clauses 4 and 5

The satisfaction or waiver of each condition set out in clause 3.1 of the Scheme is a condition precedent to the operation of clauses 4 and 5 of this Scheme.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d)) are satisfied, PSQ must lodge with ASIC an office copy of the order made by the Court under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and in any event no later than 12:00 noon on the Business Day immediately following the day on which PSQ receives an office copy of the court order (or any later date agreed in writing by Bidder).

4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to the payment of the Scheme Consideration in the manner contemplated by clauses 5.1 and 5.2(a), all of the Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date (other than any right to a Permitted Dividend), will be transferred to Bidder, without the need for any further act by any Scheme Shareholder (other than acts performed by PSQ (or any directors, officers, or secretaries of PSQ) as attorney and agent for Scheme Shareholders under clause 8.5), by:

- (i) PSQ, in its capacity as the attorney and agent of the Scheme Shareholders, duly completing and executing the Scheme Transfer on behalf of the Scheme Shareholders (as transferors), and delivering it to Bidder; and
- (ii) Bidder duly executing the Scheme Transfer (as transferee), attending to the stamping of the Scheme Transfer (if required) and delivering it to PSQ for registration; and

immediately following receipt of the duly executed Scheme Transfer in accordance with clause 4.2(a), but subject to the stamping of the Scheme Transfer (if required), PSQ must enter, or procure the entry of, the name of Bidder in the Share Register in respect of all the Scheme Shares transferred to Bidder in accordance with this Scheme.

5 Scheme Consideration

5.1 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to the Scheme Consideration for each Scheme Share held by that Scheme Shareholder, in accordance with and subject to the terms of this Scheme.

5.2 Payment of Scheme Consideration

- (a) Bidder's obligation to pay the Scheme Consideration will be satisfied by Bidder depositing (or procuring the deposit), in cleared funds an amount equal to the Aggregate Scheme Consideration into the Trust Account before 12 noon on the Business Day immediately before the Implementation Date (provided that any interest on the amount so deposited (less bank fees and other charges) (**Accrued Interest**) will accrue for the benefit of Bidder), such amount to be held by PSQ on trust for the Scheme Shareholders (in their respective proportions) for the purposes of paying the Scheme Consideration to Scheme Shareholders in accordance with clause 5.2(b). Bidder must promptly provide PSQ with written confirmation of its payment into the Trust Account in accordance with this clause 5.2(a).
- (b) Subject to Bidder paying the Aggregate Scheme Consideration in accordance with clause 5.2(a), PSQ must, on the Implementation Date and from the Trust Account, pay (or procure the payment) to each Scheme Shareholder the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder as at the Record Date, which obligation will be satisfied by PSQ doing any of the following (in its absolute discretion):
 - (i) if a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from PSQ by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to PSQ; or
 - (iii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank in Australian currency for the relevant amount to the Scheme

Shareholder by prepaid ordinary post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or, in the case of joint holders, in accordance with clause 5.3).

(c) If:

(i) either:

(A) a Scheme Shareholder does not have a Registered Address; or

(B) PSQ as the trustee for the Scheme Shareholders believes that a Scheme Shareholder is not known at the Scheme Shareholder's Registered Address,

and no account has been notified in accordance with clause 5.2(b)(i) or (ii) or a deposit into such an account is rejected or refunded; or

(ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.5(a),

PSQ as the trustee for the Scheme Shareholder may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of PSQ (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 1995* (NSW). To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 1995* (NSW).

(d) Until such time as the amount is dealt with in accordance with the *Unclaimed Money Act 1995* (NSW), PSQ must hold on trust the amount for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). PSQ must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

(e) To the extent that there is a surplus in the amount held by PSQ as the trustee for the Scheme Shareholders in the Trust Account, that surplus may be paid by PSQ as the trustee for the Scheme Shareholders to Bidder following the satisfaction of PSQ's obligations as the trustee for the Scheme Shareholders under this clause 5.2.

(f) PSQ must pay any Accrued Interest to any account nominated by Bidder following satisfaction of PSQ's obligations under clause 5.2(b).

5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date; and

(b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

5.4 Fractional entitlements and splitting

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

5.5 Cancellation and re-issue of cheques

- (a) PSQ may cancel a cheque issued under this clause 5 if the cheque:
 - (i) is returned to PSQ; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to PSQ (or the Registry) (which request may not be made until the date which is 5 Business Days after the Implementation Date), a cheque that was previously cancelled under clause 5.5(a) must be reissued by PSQ, unless it has already been reissued or the funds have been dealt with in accordance with the *Unclaimed Money Act 1995* (NSW).

5.6 Unclaimed monies

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 1995* (NSW)).
- (b) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Bidder.

5.7 Orders of a court or Government Agency

If written notice is given to PSQ (or the Registry) or Bidder of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which sum would otherwise be payable to that Scheme Shareholder by PSQ in accordance with this clause 5, then PSQ will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or
- (b) prevents PSQ from making a payment to a particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law, PSQ will be entitled to retain an amount, in Australian dollars, equal to the relevant amount until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by PSQ will constitute full discharge of PSQ's obligations under clause 5.2(b) with respect to the amount so paid or retained until, in the case of clause 5.7(b), it is no longer required to be retained.

For the avoidance of doubt, if the relevant order or direction prevents the payment of only part of the Scheme Consideration which would otherwise be payable to a Scheme Shareholder, PSQ and Bidder will pay to the Scheme Shareholder (or procure payment of) the maximum possible portion of the Scheme Consideration to which that Scheme Shareholder (as determined by PSQ acting reasonably) is entitled without giving rise to a

breach of that order or direction and this clause 5.7 will only apply in respect of the remaining portion.

6 Dealings in PSQ Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in PSQ Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Share Register as the holder of the relevant PSQ Shares at the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at or before the Record Date at the place where the Share Register is kept,

and PSQ must not accept for registration, nor recognise (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

6.2 Register

PSQ must register, or cause to be registered, registrable transmission applications or transfers of Scheme Shares in accordance with clause 6.1(b) at or before the Record Date or as soon as practicable thereafter, provided that nothing in this clause 6.2 requires PSQ to register a transfer that would result in a PSQ Shareholder holding a parcel of PSQ Shares that is less than a 'marketable parcel' (as defined in the ASX Settlement Rules).

6.3 No disposals after Record Date

If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no legal effect and PSQ will be entitled to disregard any such disposal, purported disposal or agreement.

6.4 Maintenance of Share Register

For the purpose of determining entitlements to the Scheme Consideration, PSQ must maintain the Share Register in accordance with clause 6.1 until the Scheme Consideration has been paid to the Scheme Shareholders and Bidder has been entered in the Share Register as the holder of all the Scheme Shares. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

6.5 Effect of certificates and holding statements

Subject to payment of the Scheme Consideration and registration of the transfer of the Scheme Shares to Bidder in accordance with this Scheme, all statements of holding or share certificates for Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register will cease to have effect except as evidence of

entitlement to the Scheme Consideration in respect of the PSQ Shares relating to that entry.

6.6 Details of Scheme Shareholders

As soon as practicable after the Record Date, and in any event within one Business Day after the Record Date, PSQ will ensure that the details of the names, Registered Addresses and registered holdings of Scheme Shares for each Scheme Shareholder as shown in the Share Register as at the Record Date are provided to Bidder.

7 Quotation of PSQ Shares

- (a) PSQ must apply to ASX to suspend trading in PSQ Shares with effect from the close of trading on the Effective Date.
- (b) PSQ must apply:
 - (i) for termination of the official quotation of PSQ Shares on the ASX; and
 - (ii) to have itself removed from the official list of ASX,in each case with effect on and from the close of trading on the trading day immediately following (but not on or before) the Implementation Date, or such later date as may be:
 - (iii) requested by Bidder; and
 - (iv) permitted by ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) PSQ may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for PSQ has consented.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (i) irrevocably agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares (other than a right to a Permitted Dividend) to Bidder in accordance with this Scheme;
 - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
 - (iii) agrees that after the transfer of their Scheme Shares to Bidder in accordance with this Scheme, any holding statement or share certificate relating to the Scheme Shares will not constitute evidence of title to those

Scheme Shares and to, on the direction of Bidder, destroy any statements of holding or share certificates relating to their Scheme Shares;

- (iv) who holds its Scheme Shares in a CHESS Holding agrees to the conversion of those Scheme Shares to an Issuer Sponsored Holding and irrevocably authorises PSQ to do anything necessary, expedient or incidental (whether required by the ASX Settlement Rules or otherwise) to effect or facilitate such conversion;
- (v) agrees that payment of the Scheme Consideration in accordance with clauses 5.1 and 5.2(a) shall constitute full satisfaction of that Scheme Shareholder's entitlements under the Scheme; and
- (vi) acknowledges and agrees that this Scheme binds PSQ and all Scheme Shareholders (including those who did not attend the Scheme Meeting or those who did not vote or voted against the resolution to approve this Scheme, at the Scheme Meeting),

without the need for any further act by the Scheme Shareholder.

- (b) Each Scheme Shareholder is taken (by operation of this Scheme and without the need for any further act by the Scheme Shareholder) to have warranted to PSQ and Bidder on the Implementation Date, and appointed, authorised and directed PSQ as its attorney and agent to warrant to Bidder on the Implementation Date, that:
 - (i) all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of transfer of them to Bidder, be free from all:
 - (A) Encumbrances and third party rights or interests of any kind; and/or
 - (B) restrictions on transfer of any kind;
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares to Bidder under this Scheme together with any rights and entitlements attaching to those Scheme Shares;
 - (iii) all of their Scheme Shares which are transferred to Bidder under this Scheme will, on the date on which they are transferred to Bidder, be fully paid; and
 - (iv) they have no existing right to be issued any other Scheme Shares, any other form of PSQ Shares, options or performance rights exercisable into PSQ Shares, convertible notes convertible into PSQ Shares or any other PSQ securities,

and PSQ undertakes that it will provide such warranties to Bidder as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred to Bidder under this Scheme will, at the time of transfer of them to Bidder, vest in Bidder free from all:

- (i) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (ii) restrictions on transfer of any kind.
- (b) Immediately on the payment of the Scheme Consideration in the manner contemplated by clauses 5.1, 5.2(a) and 5.2(b), Bidder will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by PSQ of Bidder in the Share Register as the holder of the Scheme Shares. Bidder's entitlement to be registered in the Share Register as the holder of the Scheme Shares arises on the Implementation Date in accordance with clause 4.2.

8.4 Appointment of Bidder as sole proxy

- (a) Immediately on the payment of the Scheme Consideration in the manner contemplated by clause 5.2(b), and until PSQ registers Bidder as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder (by operation of this Scheme and without the need for any further act by the Scheme Shareholder):
- (i) is deemed to have irrevocably appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder from time to time as its sole proxy and, where applicable or appropriate, corporate representative to attend PSQ shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any PSQ shareholders' resolution whether in person, by proxy or by corporate representative;
 - (ii) must not attend or vote at any PSQ shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote in respect of any PSQ shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a)(i));
 - (iii) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and
 - (iv) acknowledges and agrees that in exercising the powers conferred by clause 8.4(a)(i) or giving any directions under clause 8.4(a)(iii), Bidder and any director, officer, secretary or agent nominated by Bidder under that clause may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.
- (b) PSQ undertakes in favour of each Scheme Shareholder that in accordance with clause 8.4(a), it will appoint the Bidder and any director or officer of the Bidder (acting jointly or individually) as that Scheme Shareholder's proxy or, where applicable, corporate representative

8.5 Authority given to PSQ

On and from the Effective Date, each Scheme Shareholder, without the need for any further act by the Scheme Shareholder, irrevocably appoints PSQ and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purposes of:

- (a) enforcing the Deed Poll against Bidder; and

- (b) executing any document, or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and PSQ accepts such appointment. PSQ, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or secretaries (jointly, severally or jointly and severally).

8.6 Binding effect of this Scheme

This Scheme binds PSQ and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting or those who did not vote or voted against the resolution to approve this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides PSQ's constituent documents.

9 General

9.1 Stamp duty

Bidder:

- (a) must pay all stamp duties and any related fines and penalties in respect of this Scheme and the Deed Poll or any transaction effected by or steps taken under this Scheme and the Deed Poll; and
- (b) indemnifies PSQ and each Scheme Shareholder against any liability arising from or in connection with any failure by Bidder to comply with clause 9.1(a).

9.2 Consent

Each Scheme Shareholder (by operation of this Scheme and without the need for any further act by the Scheme Shareholder) consents to PSQ doing all things necessary or incidental to give full effect to the implementation of this Scheme and the transactions contemplated by it, whether on behalf of the Scheme Shareholders, PSQ or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to PSQ, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at PSQ's registered office or at the office of the Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a PSQ Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law and jurisdiction

- (a) This Scheme and any dispute arising out of or in connection with the subject matters of this document is governed by the laws in force in New South Wales, Australia.
- (b) Each party irrevocably:

- (i) submits to the non-exclusive jurisdiction of the courts of New South Wales and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time arising out of or in connection with this Scheme; and
- (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 9.4(b)(i).

9.5 Further action

PSQ must, at its own expense, do all things (on its own behalf and on behalf of each Scheme Shareholder) and execute and deliver all further documents required by law or necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees (by operation of this Scheme and without the need for any further act by the Scheme Shareholder) that none of PSQ's or Bidder's respective directors, officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll when the relevant person has acted in good faith.

Schedule 1 Dictionary

1 Dictionary

Accrued Interest has the meaning given in clause 5.2(a).

Aggregate Scheme Consideration means the aggregate Scheme Consideration payable by the Bidder under this Scheme (and in accordance with the terms of this Scheme).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it.

ASX Settlement Rules means operating rules of the settlement facility provided by ASX Settlement Pty Ltd (ACN 008 504 532).

Bidder means NDC BidCo Pty Ltd ACN 676 877 802.

Business Day has the meaning given in the official listing rules of ASX.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited and ASX Clear Pty Limited.

CHESS Holding has the meaning given in the ASX Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales (sitting in Sydney) or such other court of competent jurisdiction under the Corporations Act agreed in writing by PSQ and Bidder.

Deed Poll means the deed poll to be entered into by Bidder in the form of Attachment A to this Scheme (or such other form as agreed in writing between Bidder and PSQ) under which, among other things, Bidder covenants in favour of Scheme Shareholders to pay the Scheme Consideration in accordance with the Scheme.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 31 December 2024, or such later date as PSQ and Bidder agree in writing.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of

the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including OAIC, ASX, ASIC and the Takeovers Panel).

Implementation Date means the fifth Business Day after the Record Date or such other day as:

- (a) PSQ and Bidder agree in writing;
- (b) ordered by the Court; or
- (c) may be required by ASX.

Implementation Deed means the scheme implementation deed dated 28 April 2024 between PSQ and Bidder (as amended from time to time) relating to (among other things) the implementation of the Scheme.

Issuer Sponsored Holding has the meaning given in the ASX Settlement Rules.

Notice has the meaning given in the Implementation Deed.

Permitted Dividend has the meaning given in the Implementation Deed.

PSQ means Pacific Smiles Group Limited (ACN 103 087 449).

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

PSQ Shareholder means a holder of one or more PSQ Shares, as shown in the Share Register.

Record Date means 7:00pm on the fifth Business Day after the Effective Date, or such other time and date as PSQ and Bidder agree in writing.

Registered Address means, in relation to a Scheme Shareholder, the address shown in the Share Register as at the Record Date.

Registry means Automic Group Share Registry.

Scheme means this scheme of arrangement between PSQ and Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, in consideration for the Scheme Consideration, subject to any alterations or conditions that are:

- (a) agreed to in writing by PSQ and Bidder, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by PSQ and Bidder.

Scheme Consideration means, in respect of each Scheme Share, \$1.90, subject to, and as adjusted in accordance with, clauses 5.1(f) and 5.1(g) of the Implementation Deed (if applicable).

Scheme Meeting means the meeting of PSQ Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider this Scheme, and includes any adjournment thereof.

Scheme Share means a PSQ Share held by a Scheme Shareholder as at the Record Date.

Scheme Shareholder means a PSQ Shareholder as at the Record Date.

Scheme Transfer means one or more proper instruments of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act in favour of Bidder as transferee, which may be or include a master transfer of all or part of the Scheme Shares.

Second Court Date means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving this Scheme is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

Security Interest has the meaning given in section 12 of the *Personal Property Securities Act 2009* (Cth).

Separate Account has the meaning given in clause 5.2(c).

Share Register means the register of members maintained by PSQ in accordance with the Corporations Act.

Trust Account means an Australian dollar denominated trust account with an Authorised Deposit-taking Institution (as defined in the *Banking Act 1959* (Cth)) which attracts interest at a commercial rate and which is operated by or on behalf of PSQ as trustee for the Scheme Shareholders, details of which PSQ must notify Bidder no later than 5 Business Days before the Implementation Date.

2 Interpretation

In this Scheme, the following rules of interpretation apply unless the contrary intention appears.

- (a) Headings are for convenience only and do not affect the interpretation of this Scheme.
- (b) The singular includes the plural and vice versa.
- (c) Words that are gender neutral or gender specific include each gender.
- (d) Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (e) The words 'include', 'including', 'such as', 'for example' and similar expressions are not words of limitation and do not limit what else might be included.
- (f) A reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
 - (ii) a thing (including a chose in action or other right) includes a part of that thing;

- (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or a party, schedule or attachment to, this Scheme (as applicable);
 - (vi) this Scheme includes all schedules to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a Listing Rule and is a reference to that law as amended, consolidated or replaced;
 - (viii) an agreement (other than this Scheme) includes an undertaking or legally enforceable arrangement or understanding (whether or not in writing);
 - (ix) a time period includes the date referred to as that on which the period begins and the date referred to as that on which the period ends; and
 - (x) a monetary amount is in Australian dollars.
- (g) An agreement on the part of two or more persons binds them jointly and severally.
 - (h) When the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.
 - (b) A reference to any time in this document is a reference to such time in Sydney, NSW, Australia.
 - (i) No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.



Attachment D Deed Poll

Attachment D

Deed Poll

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Deed poll

NDC Bidco Pty Ltd

In favour of each person registered on the Share Register as a holder of PSQ Shares as at the Record Date

SYDNEY | MELBOURNE | PERTH

DocuSign Envelope ID: AB525390-2B20-4F0E-B130-8708FE45887F

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Date: 21 June 2024

Parties

NDC Bidco Pty Ltd ACN 676 877 802 of Governor Phillip Tower, Level 29, 1 Farrer Place, Sydney NSW 2000 (**Bidder**)

In favour of each person registered on the Share Register as a holder of PSQ Shares as at the Record Date (**Scheme Shareholders**)

Background

- A PSQ and Bidder have entered into the Implementation Deed, under which (among other things):
- (i) PSQ and Bidder have agreed to implement the Scheme on and subject to the terms of the Implementation Deed;
 - (ii) if the Scheme becomes Effective, the effect of the Scheme will be that all Scheme Shares will be transferred to Bidder; and
 - (iii) Bidder has agreed to:
 - (A) enter into this deed poll; and
 - (B) pay, or procure the payment of, the Scheme Consideration in accordance with the terms and conditions of the Scheme.
- B Bidder is entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to undertake the actions attributed to Bidder under the Scheme.
-

1 Defined terms and interpretation

1.1 Defined terms

In this deed poll:

- (a) **Implementation Deed** means the scheme implementation deed dated 28 April 2024 between PSQ and Bidder (as amended from time to time) relating to (among other things) the implementation of the Scheme; and
- (b) unless the context otherwise requires, terms defined in the Scheme (but not in this deed poll) have the same meaning when used in this deed poll.

1.2 Interpretation

Clause 2 of Schedule 1 of the Scheme applies to the interpretation of this deed poll, except that references to "this Scheme" in clause 2 of Schedule 1 of the Scheme are to be read as references to "this deed poll".

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1.3 Nature of deed poll

Bidder acknowledges and agrees that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with the terms of this deed poll even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder, without the need for any further act by the Scheme Shareholder, irrevocably appoints PSQ and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder.

2 Conditions

2.1 Conditions

This deed poll and the obligations of Bidder under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

This deed poll and the obligations of Bidder under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme has not become Effective on or before the End Date or any later date as the Court, with the written consent of Bidder and PSQ, may order,

unless PSQ and Bidder otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2:

- (a) Bidder is released from its obligations to further perform this deed poll, except those obligations under clause 6.1; and
- (b) in addition and without prejudice to any other rights, powers or remedies available to the Scheme Shareholders, each Scheme Shareholder retains the rights they have against Bidder in respect of any breach of this deed poll which occurred before it was terminated.

3 Bidder undertakings

Subject to clause 2, Bidder undertakes in favour of each Scheme Shareholder to:

- (a) pay, or procure the payment of, the Scheme Consideration in accordance with the terms of the Scheme; and
- (b) undertake, or procure the undertaking of, all other actions attributed to it under the Scheme, as if named as a party to the Scheme,

in each case subject to and in accordance with the terms and conditions of the Scheme.

4 Warranties

Bidder represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has full corporate power and lawful authority to execute, deliver and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its execution of this deed poll and has taken or will take all necessary corporate action to authorise the performance by it of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) it is not the subject of an Insolvency Event (as defined in the Implementation Deed), nor has any regulatory action of any nature of which Bidder is aware been taken or threatened that would prevent or in any way restrict its ability to fulfil its obligations under this deed poll;
- (e) this deed poll is a valid and binding obligation on it and enforceable in accordance with the terms of this deed poll; and
- (f) the execution and performance by Bidder of this deed poll did not and will not violate or breach any provision of:
 - (i) any writ, order or injunction, judgment, law, rule or regulation to which it is a party by which it is bound; or
 - (ii) Bidder's constitution or other constituent documents.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Bidder has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

6 General

6.1 Stamp duty

Bidder:

- (a) must pay all stamp duty and any related fines and penalties in respect of the transfer by the Scheme Shareholders of the Scheme Shares to Bidder pursuant to the Scheme and this deed poll or in respect of the Scheme or this deed poll; and
- (b) indemnifies each Scheme Shareholder against any liability arising from or in connection with any failure by Bidder to comply with clause 6.1(a).

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6.2 Notices

- (a) Any notice, consent, approval, waiver or other communication to Bidder in connection with this deed poll must be:

- (i) in writing;
- (ii) sent by an authorised representative of the sender; and
- (iii) marked for the attention of the person named below,
and must be:
- (iv) left at, or sent by commercial courier to, the address set out below; or
- (v) sent by email to the address set out below.

Attention: Peter Lyon Mercardo

Address: Governor Phillip Tower, Level 29, 1 Farrer Place, Sydney NSW 2000

Email: PLM@crescentcap.com.au

with a copy (for information purposes only) to Aaron.Kenavan@AllenOvery.com and Jamie.Palmer@AllenOvery.com

- (b) Subject to clause 6.2(c), any notice, consent, approval, waiver or other communication given in accordance with clause 6.2(a) is taken to be received as follows:

- (i) If sent by delivery, when it is delivered; and
- (ii) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) one hour after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,

whichever happens first.

- (c) If a notice, consent, approval, waiver or other communication is taken to be received under clause 6.2(b):

- (i) before 9:00am on a Business Day, it will be taken to be received at 9:00am on that Business Day; or

- (ii) after 5:00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9:00am on the next Business Day.

6.3 Cumulative rights

The rights, powers and remedies of Bidder and each Scheme Shareholder under this deed poll are cumulative with and do not exclude the rights, powers or remedies provided by law independently of this deed poll.

6.4 Waiver

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.
- (b) Any waiver given by a party under this deed poll is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed poll operates as a waiver of another breach of that term or of a breach of any other term of this deed poll.

6.5 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by PSQ in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by PSQ in writing and the Court has indicated that the variation would not of itself preclude approval by the Court of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

6.6 Governing law and jurisdiction

- (a) This deed poll is governed by the laws of New South Wales, Australia.
- (b) Bidder irrevocably:
 - (i) submits to the non-exclusive jurisdiction of the courts of New South Wales, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings arising out of or in connection with this deed poll; and
 - (ii) waives any objection it may now or in the future have to the venue of any legal proceedings, and any claim it may now or in the future have that any legal proceedings have been brought in an inconvenient forum, if that venue falls within clause 6.6(b)(i).

6.7 Assignment

- (a) The rights of each Scheme Shareholder created by this deed poll are personal to such Scheme Shareholder and must not be assigned, encumbered or otherwise dealt with at law or in equity without the prior written consent of Bidder.

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- (b) Any purported assignment, encumbrance or dealing in contravention of clause 6.7(a) is invalid.

6.8 Further action

Bidder must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Execution page

Executed as a deed.

Signed sealed and delivered by **NDC Bidco Pty Ltd**
ACN 676 877 802 in accordance with section 127 of
the *Corporations Act 2001 (Cth)* by:

DocuSigned by:
Nathanial Thomson
44366DEA75EF4AD...

Signature of director

DocuSigned by:
Patrick Schmidt
71250FE472A1495...

Signature of director/secretary

Nathanial Thomson

Name of director (print)

Patrick Schmidt

Name of director/secretary (print)

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Corporate Directory

Pacific Smiles Group Limited

Level 1, 6 Molly Morgan Drive
Green Hills NSW 2323

Telephone: +61 2 4930 2000
Facsimile: +61 2 4930 2099

Pacific Smiles Directors

Zita Peach – Non-Executive Chairperson

Andrew Vidler – Managing Director
and Chief Executive Officer

Mark Bloom – Non-Executive Director

Scott Kalniz – Non-Executive Director

Steven Rubic – Non-Executive Director

Jodie Leonard – Non-Executive Director

Giselle Collins – Non-Executive Director

Company Secretary

Belinda Cleminson

Registry

Automic Pty Ltd (ACN 152 260 814)

Level 5, 126 Phillip Street
Sydney NSW 2000

1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)

Financial Adviser

**Greenhill & Co. Australia Pty Limited
(ACN 086 678 346)**

Level 43, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Legal Adviser

Gilbert + Tobin

Level 16, Brookfield Place Tower 2
123 St Georges Terrace
Perth WA 6000

Independent Expert

**Deloitte Corporate Finance Pty Limited
(ACN 003 833 127 | AFSL 241457)**

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Pacific Smiles Shareholder Information Line

1300 367 804 (within Australia)
+61 2 9066 6162 (outside Australia)
8:30am to 5:30pm (AEST), Monday to Friday
(excluding public holidays)



www.pacificsmilesgroup.com.au