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ASX ANNOUNCEMENT

Pacific Smiles Group Limited (ASX: PSQ)

23 November 2021

2021 Annual General Meeting

Pacific Smiles Group Limited (ASX: PSQ) will today address shareholders at its Annual General Meeting, commencing at 4:30pm AEDT.

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

Authorised for release by the Company Secretary.

For further information, please contact:

Investor Relations

Phil McKenzie

Managing Director and Chief Executive Officer

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**Pacific Smiles Group Limited
2021 Annual General Meeting
Chairs Script**

Good afternoon ladies and gentlemen.

Welcome to the 2021 Annual General Meeting for Pacific Smiles Group Limited. I am Zita Peach, Chair of the Company and of today's meeting.

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

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the AGM as a virtual meeting.

It is now 4:30pm and there being a quorum present, I declare the meeting open for business.

I confirm that the meeting has been properly constituted.

In opening the 2021 AGM I would like to introduce my fellow Directors: Hilton Brett, Ben Gisz, Phil McKenzie, Simon Rutherford, Mark Bloom and Scott Kalniz as well as our Company Secretary Belinda Cleminson and Matthew Cordingley Chief Financial Officer who are all on the conference call line.

The Company's auditor Sarah Cain-Frost from KPMG is also present on the call. The auditors will be available to answer questions on the conduct of the audit and the Audit Report for the year ended 30 June 2021.

I wish to advise that as announced to the market on 22 October Mr Gisz has indicated his intention to resign his position at the conclusion of the AGM and as a result Mr Gisz will not be seeking re-election at today's AGM. I would like to personally thank Ben for his long-standing commitment and contribution to Pacific Smiles. Ben has been instrumental to the growth of Pacific Smiles. He has worked tirelessly and passionately from helping take the Company through IPO to a footprint of 116 clinics and over 1500 employees servicing more than 700 dentists today. He has also been an advocate for maintaining a strong culture as the Company continued to grow. His insights and contribution to the Board has been greatly valued. With the departure of Ben I would like to advise that the process of searching for a new Director has commenced and the appointment will be announced in due course.

I would also like to welcome Dr Scott Kalniz to his first AGM. Scott joined the Pacific Smiles Board in January 2021.

At today's Annual General Meeting, I will provide a brief address, covering some high level aspects of our organisation then I will move to the Annual General Meeting business matters and officially close the meeting. I will then hand over to Phil McKenzie, our CEO and Managing Director for a review of the Financial Year 2021 and the outlook to the 2022 financial year.

Turning to slide 4

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



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

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

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

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

Turning to slide 5

As Pacific Smiles Group emerged from the COVID 19 lockdown and began returning to level 1 operations, all of our staff were reinstated to support centre readiness and optimise capacity as the states opened up at +70% full vaccination rates.

Patients that were deferred during the lockdown period were contacted and re-booked. Our 'always on' digital marketing messaging was changed from emergency back to all treatment options. We have also launched our use it or lose it year end campaign.

As you are aware no final dividend was declared for FY2021. This has set us up to maximise our financial flexibility placing us in a good position to resume our accelerated new centre rollout program as we return to level 1 operations. At Pacific Smiles we are geared to resume our accelerated new centre rollout program with a further 15-20 new centres to be opened by the end of FY2022.

Turning to slide 6

The first chart is our Patient Fees and number of centres

The second chart is our underlying EBITDA

The two charts provide a historical performance context over 12 years.

In this period, we have grown the number of dental centres from 25 to 109 with patient fees increasing each year, except FY20 which was significantly impacted by COVID-19.

The EBITDA graph shows a similar growth pattern, reaching \$33.1m for the financial year 2021.

Turning to slide 7

Our goal of more than 250 centres 800+ chairs is clear and on track and we have an intended market share objective of not less than 5% along with EBITDA to patient fees target of 15%+

Under Network Growth we will continue to add new dental centres by selecting the right sites through our unique Greenfields rollout program. We engage the best dentists and employing the finest staff with the focus of reducing the time to profitability. At the same time, we will continually improve the operating performance of our existing centres by increasing the ranges of services, optimising operating hours and commissioning existing surgeries all while seeking efficiencies through technology and innovation.

Operational Excellence is fundamental to margin expansion – ensuring we have the right people in the right place at the right time for Patient Supply/Demand Matching allows dentists to



maximise productivity. Our investment in IT infrastructure will also deliver significant efficiencies overtime.

Our focus on culture is to ensure our most important resource, our people are operating together under a common framework - The Pacific Smiles Way which leverages our culture play book. Unifying, Adapting and playing to win.

At Pacific Smiles Group we are always exploring new initiatives for the business. We continue to investigate new opportunities in new geographies and continuing our partnership with HBF and nib.

Our success is ultimately dependent upon delivering a perfect patient experience, which requires the attraction and retention of high calibre dentists, employees with a high-quality care mindset all underpinned by efficient and effective operations. We will continue to build upon our success with an ongoing commitment to expansion and growth.

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



**Pacific Smiles Group Limited
2021 Annual General Meeting
Managing Director's Script**

Good afternoon everyone and thank you for joining us for the Pacific Smiles Annual General Meeting 2021. I'm Phil McKenzie, the Chief Executive Officer and Managing Director and today it is my pleasure to provide you with an update on company performance and progress.

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

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

Let's move onto slide 22 which lists the key financial highlights for the 12 months to 30 June 2021.

The key features of the result are as follows:

- Patient Fees across the Pacific Smiles dental centre network of \$240.8m, up 29.3% on the prior year. The 2-year compound annual growth rate is 13.4%
- Same centre growth was 26%. The 2-year average 10.8%
- EBITDA (underlying) of \$33.1 million was up 40.8% on the prior year. The 2 year compound annual growth rate is up 20.4%
- Full year underlying NPAT was \$14 million, up 72.8% on the prior year result
- We finished FY2021 with a total of 109 dental centres
- No final dividend declared. This has set us up to maximise our financial flexibility placing us in a good position to resume our accelerated new centre rollout program as we return to level 1 operations.

Moving to slide 23 Pacific Smiles Group opened 15 new dental centres in FY21 – all in shopping centres including our 100th centre at Bondi.

Across the Pacific Smiles existing and new centre network we have added 35 new dental chairs taking the total number of new chairs for FY21 to 84. With the new HBF Dental Chairs included, in total, this takes us to over 100 chairs for the year.

As part of our managed services agreement with HBF we entered the West Australian market with 3 new HBF Dental Centres.

PSG ended FY21 with over 700 dentists choosing to practice with us, delivering nearly 1 million appointments that again achieved an annual NPS of over 80. Our retention of our SFA dentists remains above 90% on an annualised basis. We also welcomed a record number of graduate dentists into the business with 26 commencing in the Insight Graduate Program for FY21.

At Pacific Smiles our people are the cornerstone and staff retention reflects that. I'm particularly pleased to report our staff retention rate remains better than 80%.

Turning to slide 24



At PSG we take pride in being Australia's leading Dentist Service Organisation with the true purpose of improving the Oral Health of ALL Australians to worlds best. We care about the Dentists, their patients and our employees and this is why we are fully committed to investing in a sustainable future for all of our Pacific Smiles families and communities.

We are beginning on our journey as a sustainable organisation with the following projects:

- Multi facet recycling platform
- Safe destruction of data
- Engaging suppliers that uphold ethical social practices
- Conscious water & energy consumption
- Improved material selection

Some of our very proud accomplishments at Pacific Smiles in FY21 are:

- Pacific Smiles continues to improve our standardisation and modernisation of our new centre roll-outs.
- Providing our dentists and employees with leadership and educational opportunities to enable them to perform to their full potential.
- Opening 15 new centres and 2 HBFD centres.
- Innovation for our patients and dentists with the opening of further kiosks and the continued roll out of our oral scanners.
- Continually improving the stability of our IT network with equipment upgrades combined with the movement to cloud based products and maturity of our cyber security platform.

Turning to slide 26 at Pacific Smiles we are focused on our Growth program and on accelerating the rate of new centre rollout to more than 20 centres per annum.

New Centre Rollouts Covers

- We continue to use the Greenfield new centre rollout format, opening with 3 operational chairs and capacity for 5 chairs.
- Pacific Smiles Group has opened the following centres to date in FY2022: Coomera, Cameron Park, Goulburn, Corrimal, Merrylands, Doncaster, Hornsby. The business is set to open 15-20 centres for the full year FY22
- We have refined new centre marketing activity producing more pre-appointments enabling dentists to commence with full books. We recently opened Coomera on the 13th September on the Gold Coast with a record number of 696 appointments before the centre doors were opened.

Dentist Attraction & Retention

- As the fastest growing Dentist Service Organisation our reputation as the service provider of choice is reflected by the high level of interest from new graduates seeking to operate their practice from a Pacific Smiles Dental Centre. We estimate approximately 10% of



graduating dentists will establish their practice at a Pacific Smiles Dental Centre in FY 2022

- Delivering professional learning activities and mentoring is a core service offering to practicing dentists and a key component of attracting and retaining dentists at our Dental Centres

Patient Attraction & Retention

- Pacific Smiles prides itself on its investment in innovative technology and processes to continue to provide the highest quality care to patients in turn maintaining a high level of attraction and retention of patients.
- Recently we commenced the use of AI technology enabling the business to increase patient understanding of their oral health from the comfort of their own home through our Pacific Smiles Dental app. There have been over 1500 downloads in the initial AI test. This will also allow us to automate a new lifecycle of communications to existing patients in partnership with their dentists.

Pacific Smiles Group is pleased to provide a trading update as follows:

The YTD Same Centre Patient Fee Growth is negative (17.7%), however with the strong return from lockdown the first 21 days of trading in November is up 5.5% on the prior year same day comparison. We are encouraged by strengthening trading as the month has progressed.

The Pacific Smiles guidance provided today assumes that there are no further material COVID interruptions. Whilst we have had uncertainty, we feel more confident that Pacific Smiles will return to normal trade to provide the following guidance. We are providing the half breakdowns to allow investors to understand our strong return from lockdown.

Guidance is as follows (excluding the impact of AASB 16 Leases)

- **Patient fees of approx. H1 - \$109-\$111M and in H2 \$130m - \$140M**
- **Opening of approximately 15-20 new dental centres in FY22**
- **EBITDA approx. H1 - \$6m - \$7m and in H2 \$13m - \$15m**

As PSG has provided guidance for FY22 no further monthly trading updates will be provided. We would also like to advise that PSG expect to pay an interim dividend for FY22.

In closing on behalf of the executive leadership team I want to say thank you to all the Pacific Smiles teams whether they are field based leaders, the dedicated folks out in centre operations or those equally dedicated people working in our support centre your efforts and energy is incredibly important and very much appreciated. I would also like to express my thank you to the Directors of Pacific Smiles Group and in particular a note of appreciation to Ben Gisz who is retiring from the Board today. Ben has been instrumental to the growth of Pacific Smiles and has become an invaluable guide and mentor to all of us. We wish him well and we know that won't ever be too far away.

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

Annual General Meeting

Presented by:

Zita Peach
Chairperson

Phil McKenzie
Managing Director &
Chief Executive
Officer

23rd November 2021



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SMILES GROUP

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This document is a presentation prepared by Pacific Smiles Group Limited (ACN 103 087 449) (Pacific Smiles).

Material in this presentation provides general background information about the activities of Pacific Smiles current at the date of this presentation, unless otherwise noted. Information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.

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This document contains certain forward looking statements and comments about expectations about the performance of its businesses. Forward looking statements can generally be identified by the use of forward looking words such as, without limitation, 'expect', 'outlook', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'would', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not prove to be correct, which can cause Pacific Smiles' actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of Pacific Smiles. As such, undue reliance should not be placed on any forward looking statement. Past performance is not a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast.

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Pro forma financial information

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

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

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

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

Zita Peach
Chairperson's Address



AGM Agenda

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



Our true purpose is to
improve the oral health
of ALL Australians to
worlds best.

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

COVID-19 Update

Out Of Lockdown



Geared to resume accelerated

new centre rollout program with a further 15 - 20 new centres to be opened by the end of FY 2022

Clear and open

communication to practitioners, patients and employees



Changeover

of always on digital messaging from emergency to all treatment



All staff reinstated

to support centre readiness as states opened up at 70% vaccination rates



Centres rebooking

patients deferred during COVID restrictions



Optimising capacity

to meet patient demand whilst still providing urgent care



Release & booking

of appointment reminders deferred during lockdown

Launch of year-end

multi-channel marketing campaign

Key Dates

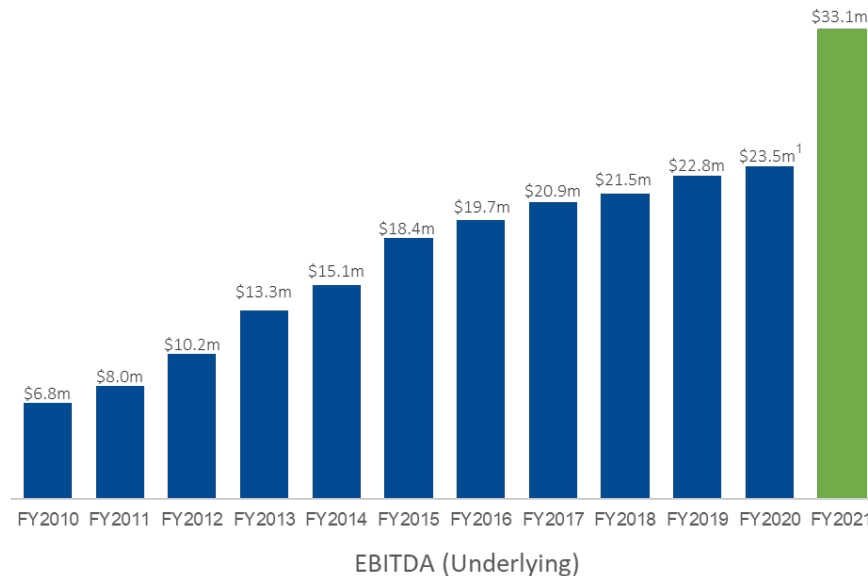
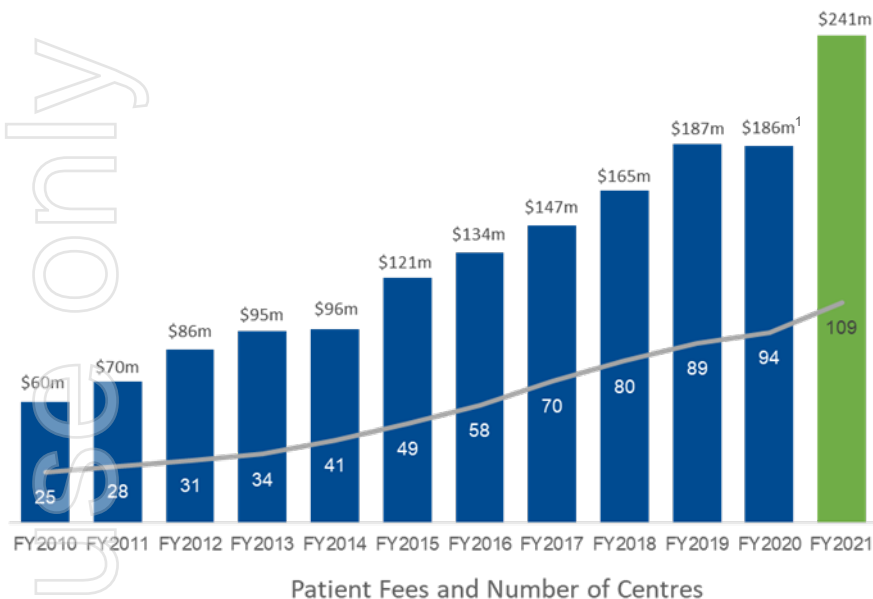
Opening up at +70% vaccination rate with centres returning to normal level 1 operations

11th October NSW

15th October ACT

30th October VIC

Strong Growth Track Record



Notes:

1. FY2020 impacted by government mandated dental restrictions due to COVID-19

Our Long Term Strategy

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



**Network
growth**



**Operational
excellence**



Culture



Innovation

Pacific
Smiles
Dental

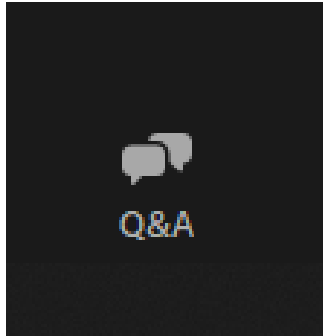


Annual General Meeting Business

Australia's
Local Dentist

Online Q&A

1. Click on the Q&A icon



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

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

Type your question here...

4. Hit enter on your keyboard to submit your message

Cancel

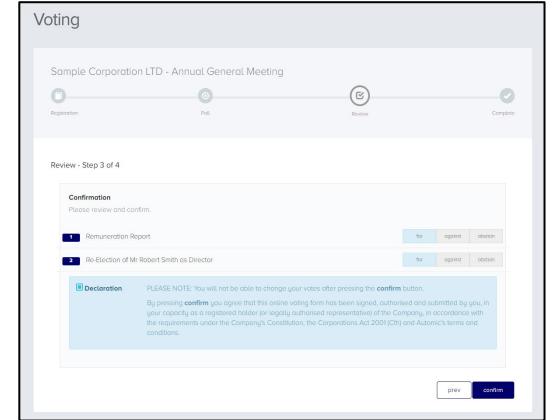
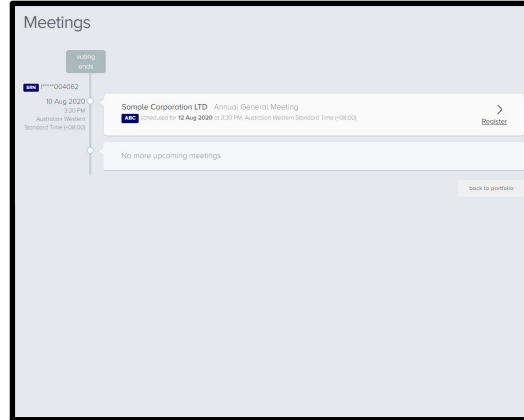
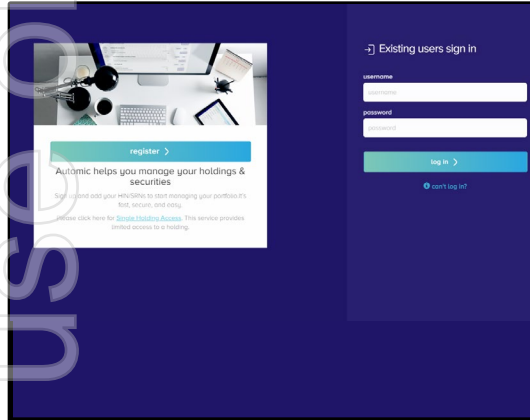
Send

Registration and Voting

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

2. Click view and register your attendance for the meeting

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



Financial Statements & Reports



To receive and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2021, together with the Directors' Report and the Auditors' Report (together set out in the Annual Report).

For internal use only

Resolution 1

Adoption Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2021."

Proxies		
For	Against	Open
88,947,193	4,414,437	20,741
95.25%	4.73%	0.02%

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

Resolution 2

Election of Scott Kalniz as a Director

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

"That, Scott Kalniz, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company's Constitution and ASX Listing Rule 14.4, be elected as a Director of the Company, effective immediately."

Proxies		
For	Against	Open
90,226,927	4,478,531	2,043,086
93.26%	4.63%	2.11%

Resolution 3

Re-election of Simon Rutherford as a Director

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

"That, Simon Rutherford, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately."

Proxies		
For	Against	Open
93,090,344	3,621,987	22,213
96.23%	3.74%	0.02%

Resolution 4

Ratification of Prior Issue of 5,769,231 fully paid ordinary shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 5,769,231 fully paid ordinary shares issued on 9 March 2021 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Proxies		
For	Against	Open
89,230,053	201,298	23,091
99.75%	0.22%	0.03%

Resolution 5

Approval of amendment to terms of the Long-Term Incentive Plan

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

“That, for the purposes of ASX Listing Rule 6.23.4, and for all other purposes, the Shareholders of the Company approve the amendments to the terms of the Long-Term Incentive Plan (LTIP) adopted in 2014, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Proxies		
For	Against	Open
70,728,853	25,810,323	20,741
73.25%	26.73%	0.02%

Resolution 6

Amendment of Constitution

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

"That, for the purposes of section 136 of the Corporations Act and for all other purposes, the constitution of the Company be amended in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective immediately."

Proxies		
For	Against	Open
92,077,782	4,493,121	34,741
95.31%	4.65%	0.04%

Resolution 7

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

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 500,000 performance rights under the Long Term Incentive Plan (LTIP) to Philip McKenzie, Managing Director and Chief Executive Officer, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Proxies		
For	Against	Open
68,235,749	17,862,156	21,086
79.23%	20.74%	0.02%

Resolution 8

Renewal of Proportional Takeover Provisions

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

“That, for the purposes of section 648G of the Corporations Act and for all other purposes, approval is given for the Company to renew the proportional takeover provisions in its Constitution, with immediate effect.”

Proxies		
For	Against	Open
90,200,827	4,493,476	2,042,741
93.24%	4.64%	2.11%

CONDUCTING OF THE POLL

Phil McKenzie
Chief Executive Officer's Address

Internal use only

FY2021 Performance Highlights

\$240.8m

Patient Fees – up 29.3%
2-year CAGR 13.4%

26.0%

Same Centre Growth
2-year Average 10.8%

\$14.0m

Underlying NPAT – up 72.8%
2-year CAGR 25.3%

109

Dental Centres – up 15.9%

\$33.1m

Underlying EBITDA – up 40.8%
2-year CAGR 20.4%

2.4cps

Ordinary Dividends – unchanged



Operational Snapshot

15 new

Dental Centres
And 2 new HBF dental centres¹

>80

Patient Net Promotor Score

~90%

Dentist Retention

84 new

Dental Chairs
35 chairs in existing centres

26

Graduates joined our Development
Program - *30% uplift on FY 2020*

>80%

Employee Retention

Notes:

1. Due to lockdown the opening of the 3rd HBFD centre at Mandurah occurred on the 6th July 2021



Sustainability

Multi-facet recycling platform

Safe destruction of data

Engage suppliers that uphold ethical social practices

Conscious water and energy consumption

Sustainable construction principles focused on procurement of materials and utilisation of water and energy saving appliances and practices.

Improved material selection



Building



Centre Operations



Support Activities

FY 2021 Accomplishments



Scalability

Standardisation and modernisation of new centre roll-outs

Capability

Establishment of a data platform providing enhanced company insight in-conjunction with leadership and educational development of Practitioners and Employees

Growth

Opened 15 new centres and 2 new HBFD centres¹

Innovation

New format to engage patients with the opening of Kiosks and embedding of oral scanners in our dental centres

Stability

Business continuity focus with the upgrade of networks and equipment; movement to cloud based products and maturity of cyber security platforms

Notes:

1. Due to lockdown the opening of the 3rd HBFD centre at Mandurah occurred on the 6th July 2021

Growth program focused on accelerating the rate of new centre rollout to greater than 20 centres per annum. Pacific Smiles has a long runway for growth and aims to capture more than 5% of the market



New Centre Roll Outs



Dentist Attraction & Retention



Patient Attraction & Retention

FY 2022 Guidance⁶

(Excludes the impact of AASB16 Leases)

Trading Update

Guidance

SAME CENTRE PATIENT FEE GROWTH

(actual)

YTD growth of (17.7%)¹
MTD (Nov) growth of 5.5%⁵

PATIENT FEES

Approximately
H1 \$109m – \$111m
H2 \$130m - \$140m

NEW DENTAL CENTRES^{2,3}

Approximately
15 - 20 centres

EBITDA⁴ (Underlying)

Approximately
H1 \$6m – \$7m
H2 \$13m - \$15m

PSG expect to pay an interim dividend for FY22

Notes:

1. Same centre patient fee growth as at the 19th November 2021.
2. New dental centre numbers exclude HBFD centres
3. Hornsby PSG dental centre opened on 10th November 2021, taking centre numbers to 116
4. EBITDA (underlying) excludes the impacts of AASB16 Leases
5. November MTD performance calculated on a same day comparison for the first 21 days
6. Guidance assumes no further material COVID interruptions
7. As PSG has provided guidance for FY22 no further monthly trading updates will be provided



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