

1. Company details

Name of entity:	Pacific Smiles Group Limited
ABN:	42 103 087 449
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

	31 Dec 2021 \$'000	31 Dec 2020 \$'000	Movement \$'000	Up/(down) %
Statutory financial results				
Revenue from ordinary activities	66,932	78,395	(11,463)	(14.6%)
(Loss)/ profit from ordinary activities after tax	(2,186)	9,789	(11,975)	(122.3%)
(Loss)/ profit for the half-year	(2,186)	9,789	(11,975)	(122.3%)
Underlying financial results				
Revenue from ordinary activities	66,932	79,155	(12,223)	(15.4%)
(Loss)/ profit from ordinary activities after tax	(1,540)	10,385	11,925	(114.8%)
(Loss)/ profit for the half-year	(1,540)	10,385	11,925	(114.8%)
			2021 \$'000	2020 \$'000
Reconciliation of statutory to underlying (loss)/ profit for the half-year				
Statutory (loss)/ profit for the half-year			(2,186)	9,789
Severance and HR consultancy expense			114	-
Executive LTI plan expense			1,414	161
Lease adjustments			(605)	(72)
Asset impairment			-	761
Income tax effect of adjustments			(277)	(254)
Underlying (loss)/ profit for the half-year			<u>(1,540)</u>	<u>10,385</u>
			31 Dec 2021 Cents	31 Dec 2020 Cents
Basic earnings/ (loss) per share			(1.4)	6.4
Diluted earnings/ (loss) per share			(1.4)	6.4

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,186,000 (31 December 2020: profit of \$9,789,000).

The Executive LTI plan expense underlying adjustment outlined above relates to the flow through of the non-cash adjustment to the valuation of the Long Term Incentive Plan as announced and approved by Shareholders at the annual general meeting 23 November 2021.

For further explanation of the statutory figures provided above refer to the accompanying interim report for the half-year ended 31 December 2021.

The results presentation released in conjunction with this results announcement will also provide further analysis of the results for the half-year ended 31 December 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(11.04)</u>	<u>(12.39)</u>

Following the implementation of AASB 16 Leases, right of use assets are excluded from the calculation of net tangible assets per ordinary security, however, the corresponding lease liabilities are included in the calculation shown above. Should the lease liabilities be excluded from the calculation, net tangible assets per ordinary security would be \$41.11 (H1 2021: \$31.77).

4. Dividends

No interim dividend was declared for the half-year of FY22 (H1 2021: 2.40 cents per ordinary share, fully franked).

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Signed



Signed _____

Date: 15 February 2022

Zita Peach
Chairperson

Pacific Smiles Group Limited

ABN 42 103 087 449

Interim Report - 31 December 2021

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The Directors present their report, together with the consolidated interim financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pacific Smiles Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were Directors of Pacific Smiles Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ms Zita Peach
Mr Phil McKenzie
Dr Scott Kalniz
Mr Mark Bloom
Mr Hilton Brett
Mr Simon Rutherford
Mr Ben Gisz (resigned 23 November 2021)
Mr Andrew Knott (appointed 6 February 2022)

Principal activities

The consolidated entity principally operates dental centres at which independent dentists practice and provide clinical treatments and services to patients. Revenues and profits are primarily derived from fees charged to dentists for the provision of these fully serviced dental facilities.

Review of operations

The consolidated entity's underlying earnings before interest, tax, depreciation and amortisation (EBITDA), excluding the impact of AASB 16, was \$5.0 million. This is a decrease of 76.7% over the comparative half year period (H1 2021: \$21.2 million), caused by COVID-19 restrictions across the network impacting the provision of dental services and reducing volumes.

Applying accounting standard AASB 16, the statutory EBITDA was \$10.9 million. The standard resulted in the consolidated entity recognising depreciation and interest costs, rather than operating lease expenses. During the six months ended 31 December 2021, the consolidated entity recognised \$5.3 million of depreciation charges and \$1.5 million of interest costs from these leases payable. AASB 16 had an insignificant impact on net profit after tax (NPAT).

As mentioned above, COVID-19 restrictions impacted patient fees generated by dental practitioners operating at the consolidated entity's dental centres during the half, resulting in statutory revenue decreasing by 14.6% to \$66.9 million (H1 2021: \$78.4 million).

The consolidated entity statutory net loss after tax NPAT of \$2.2 million for the half year ended 31 December 2021, is a decrease of \$12 million over the comparative half-year period (H1 2021: \$9.8 million).

The consolidated entity's balance sheet shows an excess of current liabilities over current assets at balance date. However, the consolidated entity's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the time-frames required.

The consolidated entity has reviewed its exposure to climate related and other emerging business risks and, other than the Omicron-related disruption outlined below, has not identified any risks that could impact the financial performance or position of the consolidated entity as at 31 December 2021.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

Coronavirus (COVID-19) pandemic

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The latest Omicron-related disruption that began impacting operations prior to 31 December 2021 has continued into January 2022 with patient fees being impacted in the vicinity of 15% to 20% lower than during the same period in 2021. The situation is ongoing and future financial impacts may be dependent upon, amongst other things, the emergence of any new COVID-19 strains and how severe they are, and measures imposed by the Australian Government and other countries to mitigate transmission, such as isolation requirements and any economic stimulus that may be provided.

Other events

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Zita Peach
Chairperson

15 February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pacific Smiles Group limited

I declare that, to the best of my knowledge and belief, in relation to the review of Pacific Smiles Group Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Sarah Cain-Frost

Sarah Cain-Frost

Partner

Melbourne

15 February 2022

Pacific Smiles Group Limited
Consolidated interim statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue		66,932	78,395
Other income	4	378	8,211
Expenses			
Direct expenses		(3,306)	(5,840)
Consumable supplies expenses		(5,605)	(7,008)
Employee expenses		(34,912)	(36,156)
Impairment of assets		-	(761)
Occupancy expenses		(1,596)	(1,405)
Marketing expenses		(2,021)	(1,483)
Administration and other expenses		(8,974)	(7,401)
Depreciation and amortisation expense		(12,709)	(10,490)
Net finance costs		(1,807)	(1,686)
Profit/(loss) before income tax (expense)/benefit		(3,620)	14,376
Income tax (expense)/benefit		1,434	(4,587)
Profit/(loss) after income tax (expense)/benefit for the half-year		(2,186)	9,789
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/ (loss) for the half-year		<u>(2,186)</u>	<u>9,789</u>
		Cents	Cents
Basic earnings/ (loss) per share	11	(1.4)	6.4
Diluted earnings/ (loss) per share	11	(1.4)	6.4

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		9,688	10,947
Receivables		2,627	1,803
Inventories		6,095	5,756
Income tax refund receivables		951	-
Other		1,751	797
		<u>21,112</u>	<u>19,303</u>
Assets of disposal groups classified as held for sale		21	21
Total current assets		<u>21,133</u>	<u>19,324</u>
Non-current assets			
Receivables		333	29
Property, plant and equipment		72,100	65,088
Right-of-use assets		67,917	55,607
Intangibles		10,113	10,145
Deferred tax		11,669	11,077
Total non-current assets		<u>162,132</u>	<u>141,946</u>
Total assets		<u>183,265</u>	<u>161,270</u>
Liabilities			
Current liabilities			
Payables		16,273	18,699
Borrowings	5	14,500	-
Lease liabilities		12,360	10,754
Income tax		-	2,922
Provisions		5,326	4,573
Total current liabilities		<u>48,459</u>	<u>36,948</u>
Non-current liabilities			
Borrowings	6	-	1,000
Lease liabilities		70,869	58,625
Provisions		3,527	3,515
Total non-current liabilities		<u>74,396</u>	<u>63,140</u>
Total liabilities		<u>122,855</u>	<u>100,088</u>
Net assets		<u>60,410</u>	<u>61,182</u>
Equity			
Contributed equity	7	51,917	51,917
Reserves		14,489	13,075
Retained profits/ (accumulated losses)		(5,996)	(3,810)
Total equity		<u>60,410</u>	<u>61,182</u>

The above consolidated interim balance sheet should be read in conjunction with the accompanying notes

Pacific Smiles Group Limited
Consolidated interim statement of changes in equity
For the half-year ended 31 December 2021



	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2020	36,769	3,934	(3,810)	36,893
Profit after income tax expense for the half-year	-	-	9,789	9,789
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	9,789	9,789
Share-based payments	-	161	-	161
Balance at 31 December 2020	<u>36,769</u>	<u>4,095</u>	<u>5,979</u>	<u>46,843</u>

	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2021	51,917	13,075	(3,810)	61,182
Loss after income tax benefit for the half-year	-	-	(2,186)	(2,186)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,186)	(2,186)
Share-based payments	-	1,414	-	1,414
Balance at 31 December 2021	<u>51,917</u>	<u>14,489</u>	<u>(5,996)</u>	<u>60,410</u>

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes

Pacific Smiles Group Limited
Consolidated interim statement of cash flows
For the half-year ended 31 December 2021



	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities		
Receipts from customers	65,947	88,760
Payments to suppliers and employees	(55,866)	(64,268)
	10,081	24,492
Interest received	12	26
Government grant received	-	8,023
Interest and finance costs paid	(1,819)	(1,712)
Income taxes paid	(3,031)	(4,043)
Net cash from operating activities	5,243	26,786
Cash flows from investing activities		
Payments for property, plant and equipment	(14,259)	(11,149)
Proceeds from disposal of property, plant and equipment	19	6
Lease payments received from finance leases	252	187
Net cash used in investing activities	(13,988)	(10,956)
Cash flows from financing activities		
(Repayment of)/ proceeds from borrowings	13,500	(19,000)
Payment of lease liabilities	(6,014)	(4,062)
Net cash from/(used in) financing activities	7,486	(23,062)
Net decrease in cash and cash equivalents	(1,259)	(7,232)
Cash and cash equivalents at the beginning of the financial half-year	10,947	15,279
Cash and cash equivalents at the end of the financial half-year	9,688	8,047

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. Corporate information

The consolidated interim financial statements cover Pacific Smiles Group Limited as a consolidated entity consisting of Pacific Smiles Group Limited (the "Company") and the entities it controlled as at and for the six months ended 31 December 2021. The financial statements are presented in Australian dollars, which is Pacific Smiles Group Limited's functional and presentation currency.

Pacific Smiles Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. On 21 November 2014 Pacific Smiles Group Limited was listed on the ASX. Its registered office and principal place of business is:

6 Molly Morgan Drive, Greenhills, New South Wales

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 February 2022.

Note 2. Significant accounting policies

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Historical cost convention

The condensed consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, and assets and liabilities held for sale.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include non-financial asset impairment testing.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, including AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Significant accounting policies (continued)

Changes to significant accounting policy

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- *Customer's right to receive access to the supplier's software hosted on the cloud* – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- *Configuration or customisation costs in a cloud computing arrangement* – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

As at 31 December 2021, there was no intangible assets relating to cloud computing arrangements that have been expensed to the statement of profit or loss and comprehensive income as a result of adoption.

Note 3. Operating segments

The consolidated entity is organised into one operating segment, being predominantly activities within the dental sector throughout Eastern Australia. This operating segment is based on the internal reports that are reviewed and used by the consolidated entity's Chief Executive Officer, who is identified as the chief operating decision maker, in assessing performance and in determining the allocation of resources. The consolidated entity's operation inherently has one profile and performance assessment criteria. The financial results from this segment are consistent with the financial statements for the consolidated entity as a whole.

Note 4. Other income

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Government grants	-	8,023
Rent	249	145
Sundry income	129	43
	<u>378</u>	<u>8,211</u>

Government grants

Government grant income relates to JobKeeper payments received or receivable from the Australian federal government. The consolidated entity became eligible for the JobKeeper scheme from its inception in March 2020 and continued receiving payments under the Scheme until September 2020.

Note 5. Current liabilities - borrowings

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Bank loans	<u>14,500</u>	<u>-</u>

The current borrowings are part of an ongoing loan facility which will expire on 30 September 2022. As at 31 December 2021, the consolidated entity is in the process of extending the overall facility term for a further three years.

Refer to note 6 for further information on the financing arrangements.

Note 6. Non-current liabilities - borrowings

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Bank loans	-	1,000

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Total facilities		
Bank overdraft	500	500
Bank loans	40,000	40,000
Bank guarantees	4,000	4,000
	<u>44,500</u>	<u>44,500</u>
Used at the reporting date		
Bank overdraft	-	-
Bank loans	14,500	1,000
Bank guarantees	3,770	3,610
	<u>18,270</u>	<u>4,610</u>
Unused at the reporting date		
Bank overdraft	500	500
Bank loans	25,500	39,000
Bank guarantees	230	390
	<u>26,230</u>	<u>39,890</u>

Covenants attached to bank borrowings were complied with during the half year.

Note 7. Equity - contributed equity

	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Ordinary shares - fully paid	<u>159,581,938</u>	<u>159,581,938</u>	<u>51,917</u>	<u>51,917</u>

Note 8. Equity - dividends

Dividends paid or provided during the financial half-year were as follows:

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
No interim dividend declared and provided for the year ended 30 June 2022 (2021: 2.40 cents per ordinary share, fully franked)	-	3,684

Note 9. Related party transactions

Parent entity

Pacific Smiles Group Limited is the parent entity.

Note 9. Related party transactions (continued)

Transactions with related parties

Other than remuneration for their positions as Directors and executives of the consolidated entity, key management personnel or entities related to them entered into a number of transactions with the consolidated entity. Information on these transactions is set out below.

Key management personnel or their related parties held shares in the consolidated entity during the half-years ended 31 December 2021 and 2020, and as such, participated in dividends.

Exandal Investments, an entity related to Alison Hughes, leased business premises to the consolidated entity during the half-years ended 31 December 2021 and 2020 on normal commercial terms and conditions.

The consolidated entity paid fees for consultancy services to PKF during the half-year ended 31 December 2020. The entity is related to Simon Rutherford, fees based on normal commercial terms and conditions. The following transactions occurred with related parties:

	31 Dec 2021	31 Dec 2020
	\$	\$
Rental expenses	218,517	216,889
Consultancy expenses	-	30,000

Note 10. Events after the reporting period

Coronavirus (COVID-19) pandemic

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The latest Omicron-related disruption that began impacting operations prior to 31 December 2021 has continued into January 2022 with patient fees being impacted in the vicinity of 15% to 20% lower than during the same period in 2021. The situation is ongoing and future financial impacts may be dependent upon, amongst other things, the emergence of any new COVID-19 strains and how severe they are, and measures imposed by the Australian Government and other countries to mitigate transmission, such as isolation requirements and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 11. Earnings per share

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Profit/(loss) after income tax	<u>(2,186)</u>	<u>9,789</u>
	Cents	Cents
Basic earnings/ (loss) per share	(1.4)	6.4
Diluted earnings/ (loss) per share	(1.4)	6.4
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>159,581,938</u>	<u>153,515,550</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>159,581,938</u>	<u>153,515,550</u>

Note 11. Earnings per share (continued)

Performance rights

Performance rights granted to employees under the consolidated entity's long term incentive plan are considered to be potential ordinary shares and are only included in the determination of diluted earnings per share to the extent to which they are dilutive. The total performance rights on issue are not included in the calculation of diluted earnings per share because they are anti-dilutive as at 31 December 2021. These performance rights could potentially dilute basic earnings per share in the future.

Note 12. Share-based payments

Long term incentive plan overview

The consolidated entity has established a long term incentive plan (LTI) to assist in the motivation, retention and reward of senior management. The LTI plan is designed to align the interests of senior management more closely with the interests of shareholders by providing an opportunity for senior management to receive an equity interest in the consolidated entity through the granting of performance rights.

During the financial year, the consolidated entities amended the conditions under the LTI plan to provide closer alignment between shareholder value creation and executive remuneration. The key changes are:

- Moving from an EPS measure to a TSR measure for the reasons given above.
- Increase the threshold for maximum vesting from 20% per annum to 25% per annum.
- Ensure there is a consistent vesting date each year, which is every 30th November.

Set out below are summaries of the current existing options granted under the plan:

31 Dec 2021

Grant date	Expiry date	Balance at the start of the half-year	Granted	Expired/ forfeited/ other	Balance at the end of the half-year
30/11/2017	30/11/2021	875,000	-	(875,000)	-
30/11/2018	30/11/2022	2,744,000	-	(1,336,000)	1,408,000
30/11/2019	30/11/2023	2,662,000	-	-	2,662,000
30/11/2020	30/11/2024	2,902,430	-	-	2,902,430
30/11/2021	30/11/2025	-	2,500,000	-	2,500,000
		<u>9,183,430</u>	<u>2,500,000</u>	<u>(2,211,000)</u>	<u>9,472,430</u>

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Zita Peach
Chairperson

15 February 2022



Independent Auditor's Review Report

To the shareholders of Pacific Smiles Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Pacific Smiles Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Pacific Smiles Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021
- Consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Pacific Smiles Group Limited (the Company) and the entities it controlled at the Half year end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Sarah Cain-Frost

Sarah Cain-Frost

Partner

Melbourne

15 February 2022

Directors	<p>Ms Zita Peach Non-executive Chairperson</p> <p>Mr Phil McKenzie Managing Director and Chief Executive Officer</p> <p>Mr Mark Bloom Non-executive Director</p> <p>Mr Hilton Brett Non-executive Director</p> <p>Mr Simon Rutherford Non-executive Director</p> <p>Dr Scott Kalniz Non-executive Director</p> <p>Mr Andrew Knott (appointed 6 February 2022) Non-executive Director</p>
Company secretary	Belinda Cleminson
Registered office	<p>Level 1, 6 Molly Morgan Drive Greenhills NSW 2323 T: 02 4930 2000 F: 02 4930 2099 W: www.pacificsmiles.com.au</p>
Share register	<p>Automic Level 5, 126 Phillip Street Sydney NSW 2000 GPO Box 5193, Sydney NSW 2001 T: 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) E: hello@automicgroup.com.au</p>
Auditor	<p>KPMG Tower Three, 300 Barangaroo Avenue Sydney NSW 2000</p>
Stock exchange listing	Pacific Smiles Group Limited shares are listed on the Australian Securities Exchange (ASX code: PSQ)