

1. Company details

Name of entity:	Pacific Smiles Group Limited
ABN:	42 103 087 449
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Movement \$'000	Up/(down) %
Statutory financial results				
Revenue from ordinary activities	81,605	66,932	14,673	21.9%
Profit/ (loss) from ordinary activities after tax	222	(2,186)	2,408	110.1%
Profit/ (loss) for the half-year	222	(2,186)	2,408	110.1%
Underlying financial results				
Revenue from ordinary activities	81,605	66,932	14,672	21.9%
Profit/ (loss) from ordinary activities after tax	536	(1,540)	2,076	134.8%
Profit/ (loss) for the half-year	536	(1,540)	2,076	134.8%
			2022 \$'000	2021 \$'000
Reconciliation of statutory to underlying profit/ (loss) for the half-year				
Statutory profit/ (loss) for the half-year			222	(2,186)
Severance and HR consultancy expense			204	114
Executive LTI plan expense			173	1,414
Impact from AASB 16			152	(605)
Additional costs associated with the December Extraordinary General Meeting			523	-
Net flood insurance recoveries			(603)	-
Income tax effect of adjustments			(135)	(277)
Underlying profit/ (loss) for the half-year			<u>536</u>	<u>(1,540)</u>
			31 Dec 2022 Cents	31 Dec 2021 Cents
Basic earnings/ (loss) per share			0.1	(1.4)
Diluted earnings/ (loss) per share			0.1	(1.4)

Comments

The profit for the consolidated entity after providing for income tax amounted to \$222,000 (31 December 2021: loss of \$2,186,000).

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. There was no new issuance of the Long Term Incentive Plan during the year.

For further explanation of the statutory figures provided above refer to the accompanying interim report for the half-year ended 31 December 2022.

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 2022.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(18.95)</u>	<u>(16.27)</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 \$35.01 (2022: \$38.48).

4. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend recommended subsequent to the financial half-year for the year ended 30 June 2023 per ordinary share, fully franked	0.350	0.350

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Dividend reinvestment plan

The Company does not currently offer a dividend reinvestment plan.

6. 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.

7. Signed

Signed  _____

Date: 21 February 2023

Zita Peach
Chairperson

Pacific Smiles Group Limited

ABN 42 103 087 449

Interim Report - 31 December 2022

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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 2022.

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 Andrew Knott (removed 19 December 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.

Dividends

Subsequent to the end of the financial half-year, the Directors have recommended the payment of an interim dividend of \$558,536.78 (0.35 cents per ordinary share) to be paid out of profit reserves at 31 December 2022.

Review of operations

The consolidated entity's underlying earnings before interest, tax, depreciation and amortisation (EBITDA), excluding the impact of AASB 16, was \$9.1 million. This is an increase of 84.4% over the comparative half year period (H1 2022: \$5.0 million), caused by a return to more stable operating conditions following the removal of COVID-19 restrictions across the network.

Applying accounting standard AASB 16, the statutory EBITDA was \$16.3 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 2022, the consolidated entity recognised \$6.5 million of depreciation charges and \$1.6 million of interest costs from these leases payable. AASB 16 had an insignificant impact on net profit after tax (NPAT).

The reconciliation of statutory profit/ (loss) before tax to underlying EBITDA pre-AASB 16 is shown on the table below:

	31 Dec 2022	31 Dec 2021
Statutory profit/ (loss) before tax	278	(3,620)
Depreciation and amortisation expense	14,442	12,709
Net finance cost	2,146	1,807
Statutory EBITDA	<u>16,866</u>	<u>10,896</u>
Executive LTI plan expense	173	1,414
Severance and HR consultancy expense	204	114
Additional costs associated with December Extraordinary General Meeting	523	-
Net flood insurance recoveries	(603)	-
Rental expense adjustment to pre-AASB16	<u>(8,015)</u>	<u>(7,462)</u>
Underlying EBITDA pre-AASB 16	<u><u>9,148</u></u>	<u><u>4,962</u></u>

As mentioned above, patient fees generated by dental practitioners operating at the consolidated entity's dental centres during the half improved by 22.5% year-on-year, resulting in statutory revenue increasing by 21.9% to \$81.6 million (H1 2022: \$66.9 million).

The consolidated entity statutory net profit after tax of \$0.2 million for the half year ended 31 December 2022, is an increase of \$2.4 million over the comparative half-year period (H1 2022: loss \$2.2 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 timeframes required.

The consolidated entity has reviewed its exposure to climate related and other emerging business risks and has not identified any risks that could impact the financial performance or position of the consolidated entity as at 31 December 2022.

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

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2022 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

21 February 2023



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 2022 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

Kevin Leighton

Partner

Newcastle

21 February 2023

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue		81,605	66,932
Other income	4	1,035	378
Expenses			
Direct expenses		(3,765)	(3,306)
Consumable supplies expenses		(6,658)	(5,605)
Employee expenses		(41,238)	(34,912)
Occupancy expenses		(2,134)	(1,596)
Marketing expenses		(2,056)	(2,021)
Administration and other expenses		(9,923)	(8,974)
Depreciation and amortisation expense		(14,442)	(12,709)
Net finance costs	5	(2,146)	(1,807)
Profit/(loss) before income tax (expense)/benefit		278	(3,620)
Income tax (expense)/benefit		(56)	1,434
Profit/(loss) after income tax (expense)/benefit for the half-year		222	(2,186)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/ (loss) for the half-year		<u>222</u>	<u>(2,186)</u>
		Cents	Cents
Basic earnings/ (loss) per share	12	0.1	(1.4)
Diluted earnings/ (loss) per share	12	0.1	(1.4)

	Note	31 Dec 2022 \$'000	30 Jun 2022 ¹ \$'000
Assets			
Current assets			
Cash and cash equivalents		13,467	11,805
Receivables		2,718	3,478
Inventories		6,130	5,795
Income tax refund receivable		5,768	2,378
Other		2,088	928
Total current assets		<u>30,171</u>	<u>24,384</u>
Non-current assets			
Receivables		406	477
Property, plant and equipment		66,544	68,866
Right-of-use assets		74,191	71,021
Intangibles		14,950	13,463
Deferred tax		8,969	12,416
Total non-current assets		<u>165,060</u>	<u>166,243</u>
Total assets		<u>195,231</u>	<u>190,627</u>
Liabilities			
Current liabilities			
Payables		18,302	17,521
Lease liabilities		13,413	12,865
Provisions		5,016	5,061
Total current liabilities		<u>36,731</u>	<u>35,447</u>
Non-current liabilities			
Borrowings	6	18,500	18,500
Lease liabilities		72,686	74,510
Provisions		8,406	3,657
Total non-current liabilities		<u>99,592</u>	<u>96,667</u>
Total liabilities		<u>136,323</u>	<u>132,114</u>
Net assets		<u>58,908</u>	<u>58,513</u>
Equity			
Contributed equity	7	51,917	51,917
Reserves		15,519	15,346
Retained profits/ (accumulated losses)		<u>(8,528)</u>	<u>(8,750)</u>
Total equity		<u>58,908</u>	<u>58,513</u>

1. Restated, refer to Note 8 for further details.

	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
Prior period restatement ¹	-	-	(409)	(409)
Balance at 1 July 2021 - restated	51,917	13,075	(4,219)	60,773
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>(6,405)</u>	<u>60,001</u>
	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2022 ¹	51,917	15,346	(8,750)	58,513
Profit after income tax expense for the half-year	-	-	222	222
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	222	222
Share-based payments	-	173	-	173
Balance at 31 December 2022	<u>51,917</u>	<u>15,519</u>	<u>(8,528)</u>	<u>58,908</u>

1. Restated, refer to Note 8 for further details.

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities		
Receipts from customers	84,021	65,947
Payments to suppliers and employees	<u>(67,087)</u>	<u>(55,866)</u>
	16,934	10,081
Interest received	47	12
Interest paid	(1,628)	(1,541)
Finance cost paid	(565)	(278)
Income taxes paid	<u>-</u>	<u>(3,031)</u>
Net cash from operating activities	<u>14,788</u>	<u>5,243</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(7,053)	(14,259)
Proceeds from disposal of property, plant and equipment	45	19
Lease payments received from finance leases	<u>466</u>	<u>252</u>
Net cash used in investing activities	<u>(6,542)</u>	<u>(13,988)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	13,500
Payment of lease liabilities	<u>(6,584)</u>	<u>(6,014)</u>
Net cash (used in)/ from financing activities	<u>(6,584)</u>	<u>7,486</u>
Net increase/ (decrease) in cash and cash equivalents	1,662	(1,259)
Cash and cash equivalents at the beginning of the financial half-year	<u>11,805</u>	<u>10,947</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>13,467</u></u>	<u><u>9,688</u></u>

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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 2022. 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 21 February 2023.

Note 2. Significant accounting policies

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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.

The standards and amendments relevant to the consolidated entity for the current year are:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018– 2020 and Other Amendments (AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

There were no changes to the financial reporting requirements this year that affected the disclosures in the financial statements.

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 criterion. 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 2022 \$'000	31 Dec 2021 \$'000
Insurance recoveries	605	-
Rent	196	249
Sundry income	234	129
	<u>1,035</u>	<u>378</u>

Note 5. Net finance costs

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Interest and finance charges paid on borrowings	565	278
Interest and finance charges paid on lease liabilities	1,628	1,541
Interest received	(47)	(12)
	<u>2,146</u>	<u>1,807</u>

Note 6. Non-current liabilities - borrowings

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Bank loans	<u>18,500</u>	<u>18,500</u>

Note 6. Non-current liabilities - borrowings (continued)

Financing arrangements

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

	31 Dec 2022 \$'000	30 Jun2022 \$'000
Total facilities		
Bank overdraft	500	500
Bank loans	40,000	40,000
Bank guarantees	5,000	5,000
	<u>45,500</u>	<u>45,500</u>
Used at the reporting date		
Bank overdraft	-	-
Bank loans	18,500	18,500
Bank guarantees	3,782	3,823
	<u>22,282</u>	<u>22,323</u>
Unused at the reporting date		
Bank overdraft	500	500
Bank loans	21,500	21,500
Bank guarantees	1,218	1,177
	<u>23,218</u>	<u>23,177</u>

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

The non-current borrowings are part of an ongoing loan facility which will expire on 30 September 2025.

Note 7. Equity - contributed equity

	31 Dec 2022 Shares	30 Jun2022 Shares	31 Dec 2022 \$'000	30 Jun2022 \$'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 - Prior period restatement - indirect tax liabilities

During the period, management identified errors related to the calculation of prior year indirect tax liabilities. The re-assessment results in an overall increase in tax liabilities for the 2020 and 2021 financial years. The impact on previously reported balance as at 30 June 2022 and 30 June 2021 is disclosed below:

	30 June 2022			30 June 2021		
	Previously reported \$'000	Restatement \$'000	As restated \$'000	Previously reported \$'000	Restatement ¹ \$'000	As restated \$'000
Deferred tax assets	12,241	175	12,416	11,077	175	11,250
Total assets	190,452	175	190,627	161,270	175	161,445
Payables	16,937	584	17,521	18,699	584	19,283
Total liabilities	131,530	584	132,114	100,088	584	100,672
Retained earnings	(8,341)	(409)	(8,750)	(3,810)	(409)	(4,219)
Total equity	58,922	(409)	58,513	61,182	(409)	60,773

1. The impact of the restatement on the Income Statement in 30 June 2021 is not considered material.

Note 9. Equity - dividends

Dividends not recognised at the end of the reporting period

Subsequent to the end of the financial half-year, the Directors have recommended the payment of an interim dividend of 0.35 cents (2022: nil) per ordinary share, fully franked. The aggregate amount of the proposed dividend expected to be paid out of profit reserves, but not recognised as a liability as at the end of the financial half-year, is as follows:

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Interim dividend declared but not recognised as a liability for the half-year ended	<u>558</u>	<u>-</u>

Note 10. Related party transactions

Parent entity

Pacific Smiles Group Limited is the parent entity.

Transactions with related parties

Other than remuneration for their positions as Directors and executives of the consolidated entity, there were no other transactions entered between key management personnel or entities related to them and the consolidated entity during the half-year ended 31 December 2022.

Note 11. Events after the reporting period

Apart from the dividend declared as disclosed in note 9, no other matter or circumstance has arisen since 31 December 2022 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 12. Earnings per share

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit/(loss) after income tax	<u>222</u>	<u>(2,186)</u>
	Cents	Cents
Basic earnings/ (loss) per share	0.1	(1.4)
Diluted earnings/ (loss) per share	0.1	(1.4)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>159,581,938</u>	<u>159,581,938</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>159,581,938</u>	<u>159,581,938</u>

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 2022. These performance rights could potentially dilute basic earnings per share in the future.

Note 13. Share-based payments

Long term incentive plan

The consolidated entity has a LTI plan to assist in the motivation, retention and reward of executives. The LTI plan is designed to align the interests of executives more closely with the interests of shareholders by providing an opportunity for executives to receive an equity interest in the consolidated entity through the granting of performance rights based on the achievement of long-term financial performance.

The performance rights will vest after a set term (the performance period) and are conditional on the achievement of relevant performance and service conditions.

The long-term financial performance is measured against the Total Shareholders Return (TSR) growth as the key performance indicator with the performance rights vesting determined by TSR growth for the four years from grant date. The details of the vesting conditions are as follows:

- Satisfaction of total shareholder return (TSR) growth performance hurdles for a four year performance period. The number of performance rights vesting will be determined on a sliding scale from nil vesting for a TSR compound annual growth rate (CAGR) of 10% per annum or less and 100% vesting for a TSR CAGR of 25% per annum or more; and
- The participant remaining employed by the Pacific Smiles Group (or its subsidiaries) over a four year or more period through to the vesting date, subject to certain "good leaver" exemptions.

Performance rights have been issued to the Chief Executive Officer and selected senior managers, at the absolute discretion of the Board, pursuant to the LTI plan in financial years 2022, 2021, 2020 and 2019.

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

Grant date	Expiry date	Balance at the start of the half-year	Granted	Expired/ forfeited/ other	Balance at the end of the half-year
30/11/2018	30/11/2022	1,595,500	-	(1,595,500)	-
30/11/2019	30/11/2023	2,391,000	-	-	2,391,000
30/11/2020	30/11/2024	2,631,430	-	-	2,631,430
30/11/2021	30/11/2025	2,253,908	-	-	2,253,908
		<u>8,871,838</u>	<u>-</u>	<u>(1,595,500)</u>	<u>7,276,338</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 2022 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

A handwritten signature in black ink that reads "Zita Peach".

Zita Peach
Chairperson

21 February 2023



Independent Auditor's Review Report

To the shareholders of Pacific Smiles Group Limited

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying **Consolidated 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 2022 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Consolidated Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2022
- 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 13 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 these requirements.



Responsibilities of the Directors for the Consolidated Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Consolidated 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 Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Consolidated 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 the Consolidated 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 2022 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 Period 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

Kevin Leighton

Partner

Newcastle

21 February 2023

Directors	Ms Zita Peach Non-executive Chairperson
	Mr Phil McKenzie Managing Director and Chief Executive Officer
	Mr Mark Bloom Non-executive Director
	Mr Hilton Brett Non-executive Director
	Mr Simon Rutherford Non-executive Director
	Dr Scott Kalniz Non-executive Director
Company secretary	Belinda Cleminson
Registered office	Level 1, 6 Molly Morgan Drive Greenhills NSW 2323 T: 02 4930 2000 F: 02 4930 2099 W: www.pacificsmiles.com.au
Share register	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
Auditor	KPMG Level 6, 18 Honeysuckle Drive Newcastle NSW 2300
Stock exchange listing	Pacific Smiles Group Limited shares are listed on the Australian Securities Exchange (ASX code: PSQ)