

ASX ANNOUNCEMENT

23 July 2024

NDC BidCo increases Scheme Consideration to best and highest price of \$1.91 per share

Highlights

- NDC BidCo has increased the Scheme Consideration to \$1.91 cash per Pacific Smiles Share.
- This is NDC BidCo's **best and highest price** and will not be increased absent a third party making or proposing a higher or superior proposal or offer, or the Pacific Smiles Board recommending to shareholders any third party proposal or offer.
- The **Pacific Smiles Directors continue to recommend that all shareholders vote in favour of the Scheme Resolution**, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

As announced on 29 April 2024, Pacific Smiles Group Limited (ASX:PSQ) (**Pacific Smiles**) has entered into a scheme implementation deed for a scheme of arrangement pursuant to which NDC BidCo Pty Ltd (**NDC BidCo**) proposes to acquire 100% of Pacific Smiles shares (**Scheme**)¹, subject to conditions.²

Pacific Smiles advises that NDC BidCo has increased the Scheme Consideration to \$1.91 per Pacific Smiles Share (**Improved Proposal**).³ Pacific Smiles and NDC BidCo have today varied the scheme implementation deed to give effect to the Improved Proposal.

NDC BidCo has confirmed that the Improved Proposal is its **best and highest price** for Pacific Smiles Shares and will not be increased absent a third party making or proposing a higher or superior proposal or offer, or the Pacific Smiles Board

¹ This cash consideration will be decreased by the cash amount of any Permitted Dividend paid (which is subject to the Scheme becoming Effective) and increased by any Ticking Fee which might accrue.

² Capitalised terms used in this announcement have the meaning given in the Scheme Booklet released to the ASX on 26 June 2024, unless context otherwise requires.

³ This remains subject to the same adjustments as the Scheme Consideration, being a reduction by the cash amount of any Permitted Dividend paid (which is subject to the Scheme becoming Effective) and increased by any Ticking Fee which might accrue.

recommending to Pacific Smiles Shareholders any third party proposal or offer. A copy of the correspondence received from NDC BidCo is attached to this announcement.

Therefore, if the Scheme becomes Effective, under the Improved Proposal, Pacific Smiles Shareholders will be entitled to receive Total Cash Value of \$1.91 for each Pacific Smiles Share held, comprising:

- the Permitted Dividend of \$0.07 for each Pacific Smiles Share held on the Permitted Dividend Record Date (currently expected to be 7:00pm (AEST) on 8 August 2024), to be paid by Pacific Smiles;⁴ and
- the Scheme Consideration of \$1.84 for each Pacific Smiles Share held on the Scheme Record Date (currently expected to be 7:00pm (AEST) on 12 August 2024), to be paid by NDC BidCo.

If the Scheme becomes Effective, all Pacific Smiles Shareholders on the Scheme Record Date will receive the increased consideration regardless of whether they have already voted, or if they vote for or against the Scheme Resolution.

The Pacific Smiles Directors continue to recommend that all Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.⁵

The Scheme Meeting remains scheduled to be held Thursday, 1 August 2024 at 11:30am (AEST) at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online.

Your vote is important in determining whether the Scheme proceeds and the Pacific Smiles Directors strongly encourage you to vote.

Further disclosure regarding the Improved Proposal, and its implications for the upcoming Scheme Meeting, will be provided to shareholders later this week.

⁴ Refer to announcement dated 19 July 2024 for further details regarding the Pacific Smiles Board's resolution to pay the Permitted Dividend, subject to the Scheme becoming Effective.

⁵ The Pacific Smiles Directors' interests are set out in section 5.11 of the Scheme Booklet. Mr Andrew Vidler holds Pacific Smiles Cash Rights which entitle him to be paid a total amount of \$50,603 in cash subject to the Scheme becoming Effective. The Pacific Smiles Board considers that, despite these arrangements, it is appropriate for Mr Vidler to make a recommendation on the Scheme Resolution given his role in the operation and management of Pacific Smiles, and that Pacific Smiles Shareholders would wish to know Mr Vidler's views in relation to the Scheme Resolution. Mr Vidler also considers that it is appropriate for him to make a recommendation on the Scheme Resolution.

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

This announcement was authorised by the Pacific Smiles Board.

ENDS

For further information, please contact:

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23 July 2024

Zita Peach
Chairperson
Pacific Smiles Limited
By Email

Dear Zita

NDC Scheme Consideration increase to \$1.91 – best and highest as stated below

We refer to the agreement entered into today pursuant to which Bidder (**NDC**) and PSQ agreed to amend the Scheme Implementation Deed (**SID**) to increase the Scheme Consideration payable by NDC to each Scheme Shareholder upon and subject to implementation of the Scheme to \$1.91, less the amount of any Permitted Dividend and plus the Ticking Fee, if applicable (**\$1.91 Consideration**).

The \$1.91 Consideration is NDC's best and highest price and will not be increased, unless a third party makes or proposes a higher or superior proposal or offer or the PSQ board recommends to shareholders any third party proposal or offer.

NDC considers that it is highly unlikely that a superior proposal will emerge prior to the Scheme Meeting given that other parties have been offered ample opportunity to conduct due diligence on the business.

NDC believes the \$1.91 Consideration is a compelling offer for PSQ shareholders, representing:

- A 99% premium to the 1-month undisturbed volume weighted average price to 15 December 2023 of \$0.96, being the day prior to announcement of Genesis Capital's original non-binding offer;
- An enterprise value of ~11.4x the mid-point of FY24 EBITDA guidance, which NDC considers is attractive compared to historical transaction multiples in the sector.

Terms defined in the SID have the same meaning in this letter. NDC confirms that this letter may be released by PSQ to the ASX.

Kind regards

A handwritten signature in blue ink, appearing to read "N. Thomson", written in a cursive style.

Nathaniel Thomson
Director
NDC Bidco Pty Ltd (ACN 676 877 802)