

ASX ANNOUNCEMENT

25 July 2024

Supplementary disclosure regarding NDC's best and highest price for Pacific Smiles

As announced by Pacific Smiles Group Limited (ASX:PSQ) (**Pacific Smiles**) on 23 July 2024, NDC BidCo has increased the consideration payable under the proposed scheme of arrangement (**Scheme**) to \$1.91 per share (**Improved Proposal**).¹ NDC BidCo has also confirmed the Improved Proposal is its **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 Pacific Smiles Board recommends to Pacific Smiles Shareholders any third party proposal or offer.

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.

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;² 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.

The Independent Expert has confirmed it continues to conclude that the Scheme is fair and reasonable and therefore in the best interests of Pacific Smiles Shareholders.

The Pacific Smiles Directors continue to recommend that all Pacific Smiles Shareholders vote in favour of the Scheme Resolution, subject only to no Superior

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 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.

Proposal emerging and the Independent Expert not withdrawing or adversely changing its conclusion.³

The Scheme Meeting remains scheduled to be held next Thursday, 1 August 2024 at 11:30am (AEST) at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 and online. If you wish to vote on the Scheme Resolution by proxy, you must submit your proxy form by no later than 11:30am (AEST) on Tuesday, 30 July 2024 (refer to Section 3 of the Scheme Booklet for further details as to how to vote).

While HBF Health Limited (which represents approximately 10.03% of Pacific Smiles Shares on issue) and MA Financial Group Limited (which represents approximately 13.43% of Pacific Smiles Shares) have each advised Pacific Smiles that they intend to vote their Pacific Smiles Shares in favour of the Scheme,⁴ as announced on 24 July 2024, Genesis Capital has indicated that, based on the Improved Proposal, it will vote against the Scheme as presently formulated.

The Scheme can still be passed by the Requisite Majorities of Pacific Smiles shareholders if substantially all the remaining Pacific Smiles shareholders vote in favour of the Scheme.

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

Key considerations relevant to your vote

In light of NDC BidCo's best and highest Improved Offer, Pacific Smiles provides the following update on the reasons Pacific Smiles Shareholders may wish to vote in favour or against the Scheme Resolution. Shareholders are encouraged to read the Scheme Booklet in its entirety, and in light of this new information.

Summary of reasons why you might vote in favour of the Scheme Resolution

- The Pacific Smiles Directors unanimously recommend that you vote in favour of the Scheme Resolution, subject only to no Superior Proposal emerging and the

³ 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.

⁴ As announced on 24 July 2024, MA Financial Group Limited intends to vote its Pacific Smiles Shares in this way in the absence of a higher offer.

Independent Expert not withdrawing or adversely changing its conclusion that the Scheme is in the best interests of Pacific Smiles Shareholders.

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

As noted above, the Independent Expert has confirmed its conclusion has not changed in light of the Improved Proposal. As at the date of this announcement, **no superior proposal to the Scheme has emerged.**

- The Total Cash Value represents a material premium relative to recent historical trading of Pacific Smiles Shares on ASX.

The Improved Proposal represents a premium of:

- 59.8% to the closing price of \$1.20 per Pacific Smiles Share on 15 December 2023, being the last trading day prior to the announcement that Pacific Smiles had received the Initial Genesis Capital Indicative Proposal of \$1.40 per Pacific Smiles Share;
 - 99.2% to the 1-month Undisturbed VWAP to 15 December 2023 of \$0.96 per Pacific Smiles Share;
 - 92.5% to the 3-month Undisturbed VWAP to 15 December 2023 of \$0.99 per Pacific Smiles Share; and
 - 78.6% to the 6-month Undisturbed VWAP to 15 December 2023 of \$1.07 per Pacific Smiles Share.
- The all-cash nature of the Scheme Consideration provides Shareholders with certainty of value.
 - If the Scheme does not proceed, Shareholders will continue to be exposed to risks associated with Pacific Smiles' business.

Pacific Smiles Shareholders should consider the risks set out in Section 7.2 which may apply if the Scheme does not proceed, and Pacific Smiles continues to operate as a standalone entity.

- Pacific Smiles' share price may fall if the Scheme is not implemented.

NDC BidCo has stated that the Improved Proposal is its best and highest price for Pacific Smiles. Therefore, NDC BidCo will not increase the Scheme Consideration 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 (and NDC BidCo will be bound by this statement).

The Independent Expert has also indicated in its Independent Expert's Report that the Pacific Smiles Share price is likely to decline to levels observed prior to announcement of the Scheme if the Scheme is not implemented and no superior proposal emerges. The Independent Expert's Report is contained at Attachment B to the Scheme Booklet, and Shareholders are encouraged to read it in its entirety.

- **No Superior Proposal has emerged.**

As at the date of this announcement, **no Superior Proposal to the Scheme has emerged**, and NDC BidCo has now confirmed that it will not be increasing the Scheme Consideration 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 (and NDC BidCo will be bound by this statement).

- **No brokerage will be payable by you for the transfer of your Pacific Smiles Shares under the Scheme.**
- **Eligible Pacific Smiles Shareholders may receive an additional benefit from the value of franking credits attached to the Permitted Dividend of \$0.07 per Pacific Smiles Share which the Pacific Smiles Board has resolved to pay, subject to the Scheme becoming Effective.**

Summary of reasons why you might vote against the Scheme Resolution

- **You may disagree with the Pacific Smiles Directors' recommendation and/or the conclusion in the Independent Expert's Report.**
- **You may prefer to retain your investment in Pacific Smiles and the opportunity to participate in its business in the future.**
- **You may consider that there is the potential for a Superior Proposal to emerge.**

While the Scheme Meeting is scheduled to be held next Thursday, 1 August 2024, you may believe that there remains the potential for a Superior Proposal to emerge (which may include a takeover bid or alternative transaction proposal).

NDC BidCo has noted in its statement to Pacific Smiles (as attached to the announcement dated 23 July 2024) that it considers it highly unlikely that a Superior Proposal will emerge prior to the Scheme Meeting. Pacific Smiles notes that third parties have had significant time to conduct due diligence on Pacific

Smiles and submit a competing proposal, but no such proposal has been received since announcement of the Scheme Implementation Deed on 29 April 2024.

- [The tax implications of the Scheme may not be suitable to your financial circumstances or position.](#)

Funding of the Scheme Consideration

If the Scheme becomes Effective, the Aggregate Scheme Consideration (at \$1.91 per Pacific Smiles Share, less a Permitted Dividend of \$0.07 per Pacific Smiles Share) is expected to be approximately \$297.3 million.⁵

The maximum amount of Aggregate Scheme Consideration that NDC BidCo may be required to pay to Scheme Shareholders under the Scheme (based on the proposed treatment of the Pacific Smiles Incentives announced on 18 July 2024, not including the payment of any Permitted Dividend and including any Ticking Fee⁶ which may accrue prior to the End Date) is approximately \$315 million.

The amounts available under NDC BidCo's commitment letters detailed in section 6.4 of the Scheme Booklet are in aggregate sufficient to fund the maximum Aggregate Scheme Consideration, and associated costs and expenses.

How to vote

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

The Scheme Meeting remains scheduled to be held at 11:30am (AEST) on Thursday, 1 August 2024. Shareholders may vote on the Scheme Resolution by:

- lodging a proxy form by no later than 11:30am (AEST) on 30 July 2024 by following the instructions on your proxy form;
- attending the Scheme Meeting in person or online on 1 August 2024; or

⁵ This does not include any Ticking Fee which may accrue.

⁶ As set out in further detail in section 4.5(a) of the Scheme Booklet, if the Scheme is not implemented by 28 September 2024 due to certain factors, the Ticking Fee of \$0.01 per Pacific Smiles Share will accrue from that date, and will increase by an additional \$0.01 per Pacific Smiles Shares on the 28th of each month thereafter if those factors subsist at that time. The proposed treatment of the Pacific Smiles Incentives, as well as the proposed capital structure of Pacific Smiles at the time of implementation, assumes the Scheme becomes Effective on 5 August 2024. If this timing is delayed, including due to a Relevant Restraint which may attract a Ticking Fee, the Pacific Smiles Board will reconsider the proposed treatment of the Pacific Smiles Incentives and provide supplementary disclosure, as appropriate.

- attending the Scheme Meeting by proxy, attorney or corporate representative.

Further details as to how to vote on the Scheme Resolution are set out in section 3 of the Scheme Booklet and in the proxy form dispatched to shareholders on or around 1 July 2024.

If you have already voted on the Scheme Resolution

If you have already voted on the Scheme Resolution, if the Scheme becomes Effective, you will still be entitled to receive the Scheme Consideration under the Improved Proposal (provided you hold Pacific Smiles Shares on the Scheme Record Date, which is currently expected to be 7:00pm (AEST) on 12 August 2024).

Additionally, if you have already voted on the Scheme Resolution, your vote remains valid and if you:

- do not wish to change your vote, you do not need to take any action; or
- wish to change your vote, then you can do so by following any of the above steps to lodge a new proxy form or vote in person (or online) at the Scheme Meeting (noting your updated vote will supersede your previous proxy vote).

Indicative timetable

The key dates expected for the Scheme are set out below.

Event	Date and Time
Scheme Meeting	11:30am (AEST) on 1 August 2024
Second Court Hearing	3:00pm (AEST) on 2 August 2024
Effective Date	5 August 2024
Permitted Dividend Record Date	7:00pm (AEST) on 8 August 2024
Scheme Record Date	7:00pm (AEST) on 12 August 2024
Implementation Date	19 August 2024

Please note that all of the above times and dates are indicative only and subject to change. Any changes will be announced by Pacific Smiles to the ASX.

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).

Important notice

A copy of this announcement has been provided to ASIC, and a copy has been released to the ASX. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this announcement.

The fact that the Court has reviewed this announcement (which forms part of the Scheme Booklet) does not mean that the Court:

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

This announcement was authorised by the Pacific Smiles Board.

ENDS

For further information, please contact:

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Forward-looking statements

This announcement contains certain forward-looking statements. Forward looking statements should not be relied on as an indication or guarantee of future events. Forward looking statements involve inherent known and unknown risks 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 actual results to differ materially. As such, undue reliance should not be placed on any forward-looking statement. No representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements. Pacific Smiles does not undertake any obligation to update or review any forward looking statements (other than to the extent required by applicable law).