

**Lodged via  
ASX Online**

Our ref: 21-41067616

11 November 2024

Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs/Madams

**Off-market takeover bid by Beam Dental Bidco Pty Ltd for Pacific Smiles Group Limited (ASX: PSQ)**

We act for Beam Dental Bidco Pty Ltd (ACN 676 303 254) ("**Bidco**").

We refer to the off-market takeover bid by Bidco for all the ordinary shares in Pacific Smiles Group Limited (ACN 103 087 449) (ASX: PSQ) ("**Pacific Smiles**") announced on 17 September 2024 ("**Offer**").

Bidco attaches, by way of service pursuant to sections 647(3)(a)(ii) of the Corporations Act 2001 (Cth) (the "**Corporations Act**") (as inserted by *ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688*), a copy of Bidco's first supplementary bidder's statement dated 11 November 2024 ("**First Supplementary Bidder's Statement**"), which supplements or amends the replacement bidder's statement dated 1 October 2024.

We also enclose in accordance with sections 650B, 650D and 650F(3)(a) of the Corporations Act, a notice of variation (at Appendix A to the First Supplementary Bidder's Statement) which:

- increases the cash consideration under the Offer on the terms set out in that notice of variation; and
- declares that the Offer has been freed from all defeating conditions.

The Offer is currently scheduled to close at 7.00pm (Sydney time) on 29 November 2024 (unless extended).

A copy of the First Supplementary Bidder's Statement has been lodged with the Australian Securities and Investments Commission and will be given to Pacific Smiles and each person referred to sections 650D(1)(c) and 650D(2) of the Corporations Act (as modified by *ASIC Corporations (Takeover Bids) Instrument 2023/683*).

21-41067616

Yours sincerely



---

David Clee

Partner  
**Clifford Chance**



---

Nicole Backhouse

Counsel  
**Clifford Chance**



## FIRST SUPPLEMENTARY BIDDER'S STATEMENT

in respect of the Offer by

**Beam Dental Bidco Pty Ltd (ACN 676 303 254)**

to acquire all of the ordinary shares in

**Pacific Smiles Group Limited (ACN 103 087 449)**

### ACCEPT BIDCO'S IMPROVED OFFER NOW

- ✓ **THE ALL CASH CONSIDERATION HAS BEEN INCREASED BY 8.25 CENTS TO \$1.9825** per Pacific Smiles Share\*. After deduction of the 3.25 cent Declared Dividend already paid, this will entitle Pacific Smiles Shareholders to a **CASH PAYMENT OF \$1.95 FROM BIDCO**. A proportional increase has also been made to the cash component of the Mixed Consideration
- ✓ The Increased Offer Consideration is Bidco's **BEST AND FINAL OFFER PRICE** and **WILL NOT BE INCREASED** by Bidco in the absence of an alternative or competing proposal
- ✓ There is **NO ALTERNATIVE CONTROL ACQUISITION**. Bidco is unaware of any alternative control proposal and, given Bidco's voting power in Pacific Smiles of 19.9%, Bidco considers that **IT IS UNLIKELY ANY ALTERNATIVE PROPOSAL WILL EMERGE**
- ✓ Bidco's Offer is **UNCONDITIONAL** with immediate effect
- ✓ Bidco's Offer is scheduled to **CLOSE ON 29 NOVEMBER 2024** (unless extended)

\* Under the Offer terms, if a Pacific Smiles Shareholder accepts the Offer in respect of its Pacific Smiles Shares and elects to receive the All Cash Consideration, Bidco will deduct from the All Cash Consideration payable in respect of those Pacific Smiles Shares the full cash amount of any dividend declared or paid by Pacific Smiles after the Announcement Date in respect of those Pacific Smiles Shares (including the Declared Dividend). The cash component of the Mixed Consideration will also be proportionally reduced by any such dividend, including by an amount equal to 25% of the Declared Dividend.

### THIS DOCUMENT CONTAINS IMPORTANT INFORMATION IN RESPECT OF THE OFFER

If you have any questions in relation to this Bidder's Statement, you should call the Bidco Offer Information Line on 1300 101 297 (for calls made within Australia) or +61 2 9068 1929 (for calls made from outside Australia) from Monday to Friday between 8:30am and 7:00pm (Sydney time).

Financial Adviser



Legal Adviser

**C L I F F O R D  
C H A N C E**

# 1 Introduction and Important Notices

---

## 1.1 Important Notices

This document is a supplementary bidder's statement under section 643(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**") given by Beam Dental Bidco Pty Ltd ACN 676 303 254 ("**Bidco**").

This document is the first supplementary bidder's statement ("**First Supplementary Bidder's Statement**") issued by Bidco in relation to its off-market takeover offer to acquire all of the ordinary shares in Pacific Smiles Group Limited ACN 103 087 449 (ASX: PSQ) ("**Pacific Smiles**").

This First Supplementary Bidder's Statement supplements, and should be read together with the Bidder's Statement. This First Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC and provided to ASX and Pacific Smiles on 11 November 2024. Neither ASIC nor ASX takes any responsibility for the contents of this First Supplementary Bidder's Statement.


This First Supplementary Bidder's Statement does not consider your individual investment objectives, financial situation and particular needs. You may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

Capitalised terms and certain abbreviations used in this First Supplementary Bidder's Statement have the meanings given to them in Section 7.1 of this First Supplementary Bidder's Statement. Capitalised terms and certain abbreviations used in this document that are not included in Section 7.1 have the meanings given to them in section 13.1 of the Bidder's Statement.




Any diagrams, charts, maps, graphs and tables appearing in this First Supplementary Bidder's Statement are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this First Supplementary Bidder's Statement. Numbers, amounts, percentages, prices, estimations and other figures in this First Supplementary Bidder's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this First Supplementary Bidder's Statement.


A reference to a Section is a reference to a Section of this First Supplementary Bidder's Statement.

## 1.2 Why you should accept the Offer




Reason to accept	Comments
<p>The All Cash Consideration has been meaningfully increased by 8.25 cents per Pacific Smiles Share, and the Offer has been declared unconditional and best and final</p> 	<ul style="list-style-type: none"> <li>• <b>The All Cash Consideration has been increased by 8.25 cents to \$1.9825 per Pacific Smiles Share (less the Declared Dividend of 3.25 cents paid on 10 October 2024 and any other dividend declared or paid by Pacific Smiles after the Announcement Date), with a proportional increase also made to the cash component of the Mixed Consideration.</b> <ul style="list-style-type: none"> <li>○ If you accept the Offer and elect to receive the All Cash Consideration and that Pacific Smiles Share was on issue as at the record date for the Declared Dividend, Bidco will pay you a cash amount of \$1.95 per Pacific Smiles Share (subject to the Offer terms) and you will retain any cash amount you received in respect of the Declared Dividend. For Pacific Smiles Shareholders who received the Declared Dividend, this constitutes an aggregate cash amount of \$1.9825 per Pacific Smiles Share.</li> <li>○ If you accept the Offer and elect to receive the Mixed Consideration, Bidco will deduct 25% of the cash amount of the Declared Dividend from the cash component of the Mixed Consideration payable to you - that is, Bidco will pay you a cash amount of 48.75 cents in respect of that Pacific Smiles Share (subject to the Offer terms) and you will retain any cash amount you received in respect of the Declared Dividend.</li> </ul> </li> <li>• <b>The Offer is now unconditional which means that all Pacific Smiles Shareholders who accept the Offer, including those who have already done so, will receive their consideration in accordance with the Offer terms.</b></li> <li>• <b>The Offer price is best and final, such that the Offer price will not be increased, in the absence of an alternative or competing proposal.</b></li> <li>• <b>Bidco believes it is unlikely that an alternative control proposal will emerge given there is no pathway to compulsory acquisition without the cooperation of Bidco and its Associates who currently hold 19.9% of Pacific Smiles Shares.</b></li> </ul>
<p>The All Cash Consideration falls within the range of values assessed to be "fair" by the independent expert appointed by Pacific Smiles to opine on a</p>	<ul style="list-style-type: none"> <li>• <b>In a report dated 21 June 2024, the independent expert appointed by Pacific Smiles to opine on a previous scheme proposal assessed the market value of a Pacific Smiles Share to be between \$1.80 and \$2.17 (inclusive of a control premium and otherwise on the basis set out in the independent expert's report) and concluded that the proposed scheme, based on the then current offer price of \$1.90 per share (less any permitted dividend), was fair and reasonable and therefore in the best interests of Pacific Smiles Shareholders.<sup>1</sup></b></li> </ul>

<sup>1</sup> In its report entitled '*Pacific Smiles Group Limited – Independent expert's report and Financial Services Guide*' dated 21 June 2024 and published in the document entitled '*Scheme Booklet*' by Pacific Smiles on 26 June 2024, the independent expert appointed by Pacific Smiles in connection with the NDC Scheme assessed the market value of one Pacific Smiles Share to be between \$1.80 - \$2.17 in the context of the NDC Scheme and, on 2 August 2024, Pacific Smiles confirmed that the independent expert's conclusion had not changed at that time. Bidco notes that the independent expert's assessment of fair value in connection with the NDC Scheme was based on the information available to the independent expert as at the relevant time (or times). Bidco makes no representation that the independent expert would make an identical assessment of value having regard to facts and circumstances now existing. Bidco, on request during the bid period, will provide within 2 Business Days of the request, a copy of the independent expert's report dated 21 June 2024 (as contained in the scheme booklet for the NDC Scheme) and Pacific Smiles' ASX announcement of 2 August 2024.

<p>previous scheme proposal</p> 	<ul style="list-style-type: none"> <li>• <b>Having regard to the date of the independent expert's report, Bidco expects that this report would have taken into account the year to date FY24 trading performance of Pacific Smiles.</b></li> <li>• Pacific Smiles confirmed that the independent expert's conclusion had not changed as at 2 August 2024.</li> <li>• Bidco is not aware of any reason that should have caused this valuation range to move materially from the date of the independent expert's report.</li> <li>• <b>Bidco also notes that, despite having previously engaged an independent expert to value the business, the Pacific Smiles Board has either elected not to ask the independent expert to refresh this valuation, or otherwise elected not to disclose an updated valuation to shareholders, for the purposes of its Target's Statement.</b></li> </ul>																
<p>The All Cash Consideration provides a greater cash amount than certain previous scheme proposals which the Pacific Smiles Board unanimously recommended</p> 	<ul style="list-style-type: none"> <li>• <b>The Pacific Smiles Board unanimously recommended an offer at \$1.91 per Pacific Smiles Share on 23 July 2024 and the Pacific Smiles Board is expected to have had knowledge of the expected FY24 results at the time it made this recommendation.</b></li> </ul>																
<p>There is uncertainty over the future performance of the Pacific Smiles business in the current listed environment</p> <p>The All Cash Consideration provides you certainty of value and removes the risks inherent in your Pacific Smiles investment</p> 	<ul style="list-style-type: none"> <li>• <b>Pacific Smiles has failed to deliver clinic EBITDA growth over the past two halves, with 2H FY24 clinic EBITDA being 2.5% down on 1H FY24 and 2.9% down on 2H FY23.</b></li> </ul> <div data-bbox="542 1366 1372 1724"> <table border="1"> <thead> <tr> <th></th> <th>2H FY23</th> <th>1H FY24</th> <th>2H FY24</th> </tr> </thead> <tbody> <tr> <td>Clinic EBITDA (A\$m)</td> <td>23.8</td> <td>23.7</td> <td>23.1</td> </tr> <tr> <td>Patient fees</td> <td>137.2</td> <td>147.1</td> <td>144.7</td> </tr> <tr> <td>Clinic EBITDA margin (%)</td> <td>17.3%</td> <td>16.1%</td> <td>16.0%</td> </tr> </tbody> </table> </div> <p>Source: FY23 Results Presentation, 1H FY24 Results Presentation, FY24 Results Presentation.</p> <ul style="list-style-type: none"> <li>• Pacific Smiles has not released FY25 guidance.</li> <li>• <b>Pacific Smiles has experienced significant board and management instability, having had 4 CEOs and 2 Chairs in the last 14 months.</b></li> </ul>		2H FY23	1H FY24	2H FY24	Clinic EBITDA (A\$m)	23.8	23.7	23.1	Patient fees	137.2	147.1	144.7	Clinic EBITDA margin (%)	17.3%	16.1%	16.0%
	2H FY23	1H FY24	2H FY24														
Clinic EBITDA (A\$m)	23.8	23.7	23.1														
Patient fees	137.2	147.1	144.7														
Clinic EBITDA margin (%)	17.3%	16.1%	16.0%														

	<ul style="list-style-type: none"> <li>• <b>The Pacific Smiles Board also collectively holds only 0.11% of shares on issue, not demonstrating deep alignment with shareholders.</b></li> <li>• Bidco has concerns in relation to the appointment of the replacement CEO and Managing Director given it was within 6 weeks of the announced resignation of the former CEO and Managing Director and given his lack of prior experience leading a healthcare business. While the new CEO has prior experience as CEO of an ASX-listed company, having led G8 Education Limited (an Australian early learning education and care provider) from 2017 to 2022, Bidco understands that he has no experience in the healthcare sector and appears to have limited to no experience in leading a business model like that of Pacific Smiles, where the primary customers of the business are professionals (in this case, dental practitioners).</li> <li>• <b>The All Cash Consideration provides each Pacific Smiles Shareholder with certainty on the value of the consideration being offered for their Pacific Smiles Shares and removes risk of any potential loss in the value of your Pacific Smiles Shares in the future if there was to be a decline in the performance of the Pacific Smiles business.</b></li> <li>• <b>If you accept the Offer and elect to receive All Cash Consideration, you will be paid the All Cash Consideration for each Pacific Smiles Share that you own within (a) one month of the later of (i) your acceptance or (ii) if you have already accepted the Offer the date of this First Supplementary Bidder's Statement and (b) 21 days from the end of the Offer Period, whichever is sooner.</b></li> </ul>
<p><b>Should Bidco gain control of the Pacific Smiles business it intends to consider changes to benefit dentists, patients, employees and shareholders</b></p> 	<ul style="list-style-type: none"> <li>• <b>Bidco understands that in a business like Pacific Smiles, its success is dependent on the success of its dental practitioners.</b></li> <li>• <b>If Bidco acquires control of Pacific Smiles, it intends to encourage the Pacific Smiles Board to review Pacific Smiles' operations with a view to strengthening and supporting the offering for dental practitioners.</b></li> <li>• As part of any such operational review (as outlined in Sections 4.2(b) and 6 of this First Supplementary Bidder's Statement (and section 8 of the Bidder's Statement)), Bidco would encourage the Pacific Smiles Board to consult with relevant stakeholders in respect of and explore proposals to: <ul style="list-style-type: none"> <li>○ refine the clinic leadership model;</li> <li>○ revitalise the ability for dentists to learn, grow and progress;</li> <li>○ elevate the Pacific Smiles brand image; and</li> <li>○ ensure relevant Australian clinical representation on the board.</li> </ul> </li> </ul>
<p><b>The Offer provides Eligible Pacific Smiles Shareholders with an opportunity to retain an indirect exposure to Pacific Smiles alongside an</b></p>	<ul style="list-style-type: none"> <li>• Any Eligible Pacific Smiles Shareholder who elects to receive the All Scrip Consideration or the Mixed Consideration (as an alternative to the All Cash Consideration) will have the opportunity to invest alongside entities managed or advised by Genesis Capital, an experienced healthcare investor.<sup>2</sup></li> </ul>

<sup>2</sup> Bidco draws to the attention of each Eligible Pacific Smiles Shareholder the compulsory acquisition of small holdings provision that is included in the Holdco Shareholders' Deed. Please see sections 4.6(b) and 9.4(k) of the Bidder's Statement and clause 15 of the Holdco Shareholders' Deed.

<p><b>experienced healthcare investor</b></p> 	<ul style="list-style-type: none"> <li>• If Bidco acquires 100% of Pacific Smiles, investing in Pacific Smiles alongside Genesis Capital in a private setting may allow shareholders to generate returns in excess of those capable of being achieved from Pacific Smiles Shares currently listed on the ASX.</li> <li>• Additionally, with significant equity invested in the business, Genesis Capital's interests will be more deeply aligned with fellow shareholders than that of the current Pacific Smiles Board which currently holds only 0.11% of total shares on issue.</li> </ul> <p>Please see Sections 3.4(b), 4.4(b) and 5.4(b) of this First Supplementary Bidder's Statement and sections 4, 8 and 9 of the Bidder's Statement for detailed information about the risks and potential disadvantages of electing to Scrip Consideration.</p>
<p><b>As Bidco increases its shareholding it may have the capacity to exert greater influence over the Pacific Smiles business</b></p> 	<ul style="list-style-type: none"> <li>• <b>If Bidco (together with its Associates) has voting power of at least 25% in Pacific Smiles, Bidco (together with its Associates) would be able to block special resolutions at shareholder meetings. In addition, their votes would be influential in any board spill motions.</b></li> <li>• <b>If Bidco obtains a Relevant Interest in more than 50% of Pacific Smiles Shares (together with its Associates), Bidco will have greater influence over Pacific Smiles, including:</b> <ul style="list-style-type: none"> <li>○ Bidco will be able to appoint its nominees to the Pacific Smiles Board and such nominees will be <b>able to constitute a majority of Pacific Smiles directors and remove and appoint the chair;</b></li> <li>○ if Bidco (together with its Associates) were to acquire a Relevant Interest in 75% or more of Pacific Smiles Shares, they would be in a position to cast the votes required to positively determine the outcome of a special resolution. The ability to pass a special resolution would enable Bidco to, amongst other things, amend Pacific Smiles' constitution, without the need for support from other Pacific Smiles Shareholders; and</li> <li>○ upon acquiring a Relevant Interest in at least 80% of Pacific Smiles Shares, Bidco may request that Pacific Smiles apply for removal from the ASX. Should ASX agree and if the relevant conditions set out in ASX guidance are met, it is possible that Pacific Smiles may be delisted without any shareholder vote.</li> </ul> </li> </ul>
<p><b>The price of Pacific Smiles Shares may fall after the Offer closes</b></p> 	<ul style="list-style-type: none"> <li>• <b>Since the announcement of Genesis Capital's offer on 18 December 2023, Pacific Smiles Shares have traded at a premium to where they traded in the lead up to the announcement, in anticipation of a change of control transaction proceeding.</b> Prior to that announcement, the Pacific Smiles Share price was impacted by various operational and financial factors, including underperformance of recent cohorts, payroll tax determinations and shareholder register turnover.</li> <li>• <b>If the Offer does not succeed and no alternative control proposal emerges the trading price of Pacific Smiles Shares may fall below the Cash Offer Price.</b></li> <li>• At the date of this First Supplementary Bidder's Statement, no alternative control proposal has been announced, and <b>Bidco believes it is unlikely that an alternative proposal will emerge given there is no pathway to compulsory acquisition without the cooperation of Bidco and its Associates who currently hold 19.9% of Pacific Smiles Shares.</b></li> </ul>



### 1.3 Response to the Pacific Smiles Board’s reasons to reject the initial Offer

Reasons given by the Pacific Smiles Board to reject	Genesis Capital’s response and additional comments
<p><i>‘The Offer has not improved upon Genesis Capital’s prior proposal received in July 2024, despite Pacific Smiles’ strong operating performance and cash generation</i></p>	<ul style="list-style-type: none"> <li>• <b>Genesis Capital's initial cash offer price had taken into account FY24 trading performance</b> given Pacific Smiles had released guidance in respect of its FY24 results on 24 June 2024, <b>and Genesis Capital does not believe this represented outperformance (with clinic EBITDA dropping 2.9% for 2H FY24 vs the prior corresponding period).</b></li> <li>• <b>Notwithstanding the above, Bidco has now increased the All Cash Consideration based on feedback from Pacific Smiles Shareholders.</b></li> <li>• Bidco also expects that the Pacific Smiles Board recommended shareholders vote in favour of the scheme proposals at \$1.90 and \$1.91 with knowledge of close to final FY24 results.</li> </ul>
<p><i>‘The Offer is subject to Conditions that are not currently capable of being satisfied</i></p>	<ul style="list-style-type: none"> <li>• <b>The Offer is now unconditional and capable of being completed.</b></li> </ul> <p>If you accept the Offer in respect of Your Pacific Smiles Shares, you will be paid or issued the consideration for each of those Pacific Smiles Shares within (a) one month of the later of (i) your acceptance or (ii) if you have already accepted the Offer the date of this First Supplementary Bidder's Statement and (b) 21 days from the end of the Offer Period, whichever is sooner.</p>
<p><i>‘The Offer is opportunistically timed, when changes to the board and management were underway...’</i></p>	<ul style="list-style-type: none"> <li>• <b>The Offer is not opportunistically timed. Genesis Capital has put forward several proposals over the last 12 months - specifically, in December 2023, March 2024, July 2024 and September 2024, with the timing of such proposals being unaffected by board and management changes.</b></li> </ul>
<p><i>‘If you accept the Offer, you may be unable to accept an alternative proposal if one emerges’</i></p>	<ul style="list-style-type: none"> <li>• <b>Bidco is unaware of any alternative proposal.</b></li> <li>• <b>Bidco considers it unlikely any alternative proposal will emerge</b> given Bidco (together with its Associates) has a substantial holding in Pacific Smiles of 19.9% which means that there is no pathway to compulsory acquisition without the cooperation of Bidco and its Associates who currently hold 19.9% of Pacific Smiles Shares.</li> <li>• <b>The Increased Offer Consideration is Bidco's BEST AND FINAL OFFER PRICE and will not be increased by Bidco in the absence of an alternative or competing proposal.</b></li> </ul>

## 1.4 The All Cash Consideration has been increased

Bidco is pleased to advise that it has increased the All Cash Consideration by 8.25 cents to \$1.9825.<sup>3</sup>

Accordingly, Pacific Smiles Shareholders may elect to receive:

- All Cash Consideration of \$1.9825 per Pacific Smiles Share;<sup>4</sup>
- All Scrip Consideration of 1 Holdco Share per Pacific Smiles Share; or
- Mixed Consideration of 49.5625 cents and 0.75 Holdco Shares per Pacific Smiles Share,<sup>5</sup>

in each case, in accordance with (and subject to) the terms of the Offer.

As the amount of the Declared Dividend that was paid to Pacific Smiles Shareholders on 10 October 2024 (in the amount of 3.25 cents per Pacific Smiles Share on issue at 25 September 2024)<sup>6</sup> will be deducted from the Cash Offer amount and retained by the person that it was paid to,<sup>7</sup> Bidco will make the following cash payments for the following election types:

- **\$1.95 cash for each Pacific Smiles Share** for an election to receive All Cash Consideration; and
- **48.75 cents cash** and 0.75 Holdco Shares per Pacific Smiles Share for an election to receive the Mixed Consideration.

A copy of the formal notice under section 650B of the Corporations Act (which is combined with certain other notices) confirming the variation of the Offer is attached to this First Supplementary Bidder's Statement as Appendix A.

Please note that the number of Holdco Shares offered per Pacific Smiles Share will not change. Holdco intends to issue Holdco Shares in connection with the Offer (whether to Pacific Smiles Shareholders or Equity Investors) for an issue price that is equivalent to the All Cash Consideration less the value of any Rights received by Pacific Smiles Shareholders.<sup>8</sup>

Accordingly, absent Pacific Smiles undertaking any action that creates an additional Right before the end of the Offer Period, the notional issue price of a Holdco Share issued under the Scrip Offer will be increased to \$1.9825 (or \$1.95 as a result of the deduction of the Declared Dividend).

## 1.5 The Offer is now unconditional

### (a) Bidco declares offer unconditional

Bidco is pleased to confirm that the Offer is declared unconditional with immediate effect providing Pacific Smiles shareholders with an unconditional

---

<sup>3</sup> Under the Offer terms, if a Pacific Smiles Shareholder accepts the Offer in respect of its Pacific Smiles Shares and elects to receive the All Cash Consideration, Bidco will deduct from the All Cash Consideration payable in respect of those Pacific Smiles Shares the full cash amount of any dividend declared or paid by Pacific Smiles after the Announcement Date in respect of those Pacific Smiles Shares (including the Declared Dividend), unless the amount of such dividend is paid to Bidco in respect of those same Pacific Smiles Shares. Any fractional entitlement to a cent in respect of the All Cash Consideration will be rounded up or down to the nearest whole cent, in accordance with the terms of the Offer.

<sup>4</sup> See Footnote 3.

<sup>5</sup> Under the Offer terms, if a Pacific Smiles Shareholder accepts the Offer in respect of its Pacific Smiles Shares and elects to receive the Mixed Consideration, Bidco will deduct from the cash component of the Mixed Consideration payable in respect of those Pacific Smiles Shares 25% of the cash amount of any dividend declared or paid by Pacific Smiles after the Announcement Date in respect of those Pacific Smiles Shares (including the Declared Dividend), unless the amount of such dividend is paid to Bidco in respect of those same Pacific Smiles Shares. Any fractional entitlement to a Holdco Share or a cent in respect of the Mixed Consideration will be rounded up or down to the nearest whole Holdco Share or cent, in accordance with the terms of the Offer.

<sup>6</sup> 25 September 2024, being the Declared Dividend record date.

<sup>7</sup> See section 12.10(k) of the Bidder's Statement.

<sup>8</sup> See Footnote 7.

opportunity to receive the All Cash Consideration of \$1.9825 per Pacific Smiles Share, when electing to participate in the Cash Offer.<sup>9</sup>

Pacific Smiles Shareholders may alternatively elect to receive All Scrip Consideration and receive 1 Holdco Share per Pacific Smiles Share (issued to the Nominee on their behalf) or elect to receive Mixed Consideration on the terms described in Section 1.4.<sup>10</sup>

A copy of the formal notice under section 650F of the Corporations Act (which is combined with certain other notices) declaring the Offer free of outstanding defeating conditions is attached to this First Supplementary Bidder's Statement as Appendix A.

(b) **Impact of declaring the Offer unconditional and payment of consideration**

Now that the Offer has been declared unconditional, Bidco will commence processing Acceptances already received. Cash consideration will be paid to, and Holdco Shares will be issued to the Nominee on behalf of, Pacific Smiles Shareholders who have already accepted the Offer within one month from the date of this First Supplementary Bidder's Statement or within 21 days after the end of the Offer Period (whichever is earlier).

If you have not yet accepted the Offer, you will receive the Increased Offer Consideration in accordance with your Election within one month after your Acceptance is received or within 21 days after the end of the Offer Period (whichever is earlier).

## 1.6 How to accept the Offer

Details of how to accept the Offer are set out in sections 2 and 12.5 of the Bidder's Statement.

You may accept the Offer by:

- logging into <https://investor.automic.com.au/#/home> and following the instructions;
- completing and signing the personalised acceptance form that was distributed with the Bidder's Statement and returning it to the address specified on the acceptance form; or
- if you are a CHESS sponsored holder, instructing your Controlling Participant (usually your broker) to accept the Offer on your behalf.

## 1.7 Relevant interest in Pacific Smiles Shares and voting power

(a) **Relevant Interest**

As at 10 November 2024 (being the date immediately preceding the date of this First Supplementary Bidder's Statement), Bidco and its Associates have voting power in Pacific Smiles of 19.98%.

This voting power is derived through Beam Investments, an Associate of Bidco (and a controlled entity of Genesis Capital), that is currently the legal and beneficial owner of 31,750,000 Pacific Smiles Shares (approximately 19.9% of Pacific Smiles Shares).<sup>11</sup> These Pacific Smiles Shares are subject to Put Options granted in favour of the Put Option Counterparties, being Genesis Fund and GFT2.

Beam Investments has advised Bidco that it intends to exercise the Put Options and transfer its Pacific Smiles Shares to the Put Option Counterparties during the Offer Period. The Put Option Counterparties have confirmed that when they

---

<sup>9</sup> See Footnote 3.

<sup>10</sup> See Footnote 5.

<sup>11</sup> This is based on there currently being 159,581,938 Pacific Smiles Shares on issue.

acquire the Pacific Smiles Shares under the Put Options, they will lodge Acceptance Instructions with the Institutional Acceptance Facility Operator (in accordance with the terms of the Institutional Acceptance Facility) and elect to receive the All Scrip Consideration in respect of each of those Pacific Smiles Shares.

In addition, as at 10 November 2024 (being the date immediately preceding the date of this First Supplementary Bidder's Statement), there are currently 132,314 Pacific Smiles Shares, representing voting power in Pacific Smiles of 0.08% that have been accepted into the Offer.

(b) **Institutional Acceptance Facility**

As at 10 November 2024 (being the date immediately preceding the date of this First Supplementary Bidder's Statement), there are currently 18,900,128 Pacific Smiles Shares, representing voting power in Pacific Smiles of 11.84% currently subject to Acceptance Instructions and the Institutional Acceptance Facility. These shares will not be accepted into the Offer (and Bidco will not obtain a Relevant Interest in those Shares) until the number of Pacific Smiles Shares that Bidco and its Associates have a Relevant Interest in, together with the securities that are the subject of Acceptance Instructions, has exceeded 80% of the number of Pacific Smiles Shares on issue.

Any Pacific Smiles Shareholder that wishes to receive All Cash Consideration and that has provided Acceptance Instructions in respect of the Pacific Smiles Shares is encouraged to withdraw their Acceptance Instruction and accept the Offer now it has been declared unconditional to ensure timely processing and payment of their acceptance.

## **1.8 Arrangements with the Manager**

Genesis Capital Manager I Pty Limited ("**Manager**") is the investment manager of each of Beam Investments, GFT2 and Genesis Fund in relation to their investment in, or exposure to, Pacific Smiles Shares. Pursuant to these arrangements, Manager is entitled to exercise all power, rights and discretions in any way in relation to the investment. Accordingly, Manager has the power and authority to direct how Beam Investments, GFT2 and Genesis Fund will exercise their rights in relation to their investment including (without limitation) in relation to the voting of Pacific Smiles Shares.

Pursuant to the terms of the Holdco Shareholders' Deed which was executed on 10 November 2024 in the form set out in the Bidder's Statement, Manager has been appointed as the Genesis Shareholders' Representative and has various rights in connection with Holdco and Bidco, including (without limitation) the right to appoint the majority of directors to the board of Holdco and its wholly owned subsidiaries (including Bidco).

Accordingly, Manager has the authority and power to control Bidco's, Beam Investments', GFT2's and Genesis Fund's decisions in connection with Pacific Smiles, including in relation to voting.

In this First Supplementary Bidder's Statement, a reference to Bidco's intentions, Bidco exercising its voting rights (or words to that effect) or Bidco's Relevant Interests (or words to that effect) includes a reference to Manager in its capacity as representative and manager for Holdco, Bidco, Beam Investments, GFT2 and Genesis Fund.

## **1.9 Important information for the All Scrip Consideration and the Mixed Consideration**

Bidco draws to the attention of each Eligible Pacific Smiles Shareholder the detailed information in this First Supplementary Bidder's Statement and the Bidder's Statement concerning the risks and potential disadvantages of electing to receive the All Scrip Consideration or the Mixed Consideration and cautions each such shareholder to carefully consider those risks and potential disadvantages before making an Election.

Without limitation, please see Sections 3.4(b), 4.4(b) and 5.4(b) of this First Supplementary Bidder's Statement and sections 4, 8 and 9 of the Bidder's Statement for further details of those risks and potential disadvantages.

**Important information in relation to the All Scrip Consideration and Mixed Consideration only (this does not apply to the All Cash Consideration)**

Importantly, Pacific Smiles Shareholders should be aware that if they make an Election to receive All Scrip Consideration or Mixed Consideration:

- they will face risks that apply to an investment in Holdco that are materially different from, and in addition to, those risks that apply to their existing direct investment in Pacific Smiles;
- they will hold shares via the Nominee in an unlisted public company, which will not be subject to the same level of regulation as an ASX-listed public company (for example, it will not be subject to ASX Listing Rules, Australia's takeover regime, continuous disclosure obligations and certain other investor protections that apply to ASX-listed public companies);
- a Nominee will hold all of the Holdco Shares on bare trust for Holdco Shareholders (other than the Genesis Shareholders);
- the Holdco Shareholders' Deed permits Holdco to require Holdco Shareholders who hold 125,000 Holdco Shares or less (whether personally or via the Nominee) to dispose of their Holdco Shares pursuant to the terms of a Small Holdings Disposal Notice;
- they will face a lack of liquidity in respect of their Holdco Shares because there will be no active market for the sale and purchase of Holdco Shares; and
- they will become a party to the Holdco Shareholders' Deed, which restricts the ability of Holdco Shareholders to transfer or deal with their Holdco Shares.

Accordingly, there is a risk that a holder of Holdco Shares may not be able to transfer or sell the Holdco Shares issued to them other than through an Exit (as that term is defined in the Holdco Shareholders' Deed), and there is no guarantee that an Exit will take place.

**This means that if you want to sell your Holdco Shares at any time in the future you should not assume that you will be able to do so in a timely manner (including in an 'emergency' scenario).**

There is consequently a risk that a Holdco Shareholder may not be able to transfer or sell their Holdco Shares issued to them if and when they would like to do so.

Please refer to section 4.6 of the Bidder's Statement which sets out a summary of the Holdco Shareholders' Deed and the rights attaching to Holdco Shares.

**Moreover, you should carefully read sections 4, 8 and 9 of the Bidder's Statement and Sections 3.4(b), 4.4(b) and 5.4(b) of this First Supplementary Bidder's Statement, and consider obtaining appropriate professional advice before making any Election to receive the All Scrip Consideration or Mixed Consideration. In particular, you should consider the risks, features and relevant considerations in relation to an investment in Holdco Shares as set out in section 9 of the Bidder's Statement and Sections 3.4(b), 4.4(b) and 5.4(b) of this First Supplementary Bidder's Statement.**

## **1.10 Further information**

In deciding whether to accept the Offer, Pacific Smiles Shareholders should have regard to the information contained in the Bidder's Statement.

This First Supplementary Bidder's Statement and Bidder's Statement do not consider your individual investment objectives, financial situation and particular needs. You may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

## 2 Sources of Consideration

---

### 2.1 Provision of Offer Consideration

On the basis of the arrangements described in this Section 2, Bidco is of the opinion that it has a reasonable basis for forming the view, and holds the view, that it will be able to provide 100% of the cash required for the acquisition of Pacific Smiles Shares pursuant to the Offer as and when it falls due for payment, it will be able to satisfy its obligations under the Offer and it will meet its costs associated with the Offer.

(a) **Number of Pacific Smiles securities on issue and Maximum All Cash Offer Amount**

As at 10 November 2024 (being the date immediately preceding the date of this First Supplementary Bidder's Statement), according to documents provided by Pacific Smiles to ASX, there were 159,581,938 Pacific Smiles Shares and 2,794,221 Pacific Smiles Performance Rights on issue.<sup>12</sup>

If Acceptances are received for all Pacific Smiles Shares on issue as at the date of this First Supplementary Bidder's Statement and all Pacific Smiles Shareholders elected to receive All Cash Consideration, the aggregate amount of cash consideration that Bidco would be required to pay would be approximately \$311 million.<sup>13</sup>

If all Pacific Smiles Performance Rights were exercised and the resulting Pacific Smiles Shares are accepted into the Offer and those Pacific Smiles Shareholders elect to receive All Cash Consideration, approximately \$5.5 million additional cash consideration would be payable.<sup>14</sup>

(b) **Number Pacific Smiles Performance Rights**

Under the Pacific Smiles long term incentive plan rules, on a change of control (such as the Offer) occurring:

- in respect of the tranche 7 and tranche 8 Pacific Smiles Performance Rights, a pro-rata proportion (on a time basis for the proportion of the performance period which has elapsed at the time of the change of control) will automatically vest and the Pacific Smiles Board has discretion as to how to treat the balance which do not automatically vest. In its Target's Statement, the Pacific Smiles Board indicated that it intends to lapse any remaining Pacific Smiles Performance Rights in tranches 7 and 8;<sup>15</sup>
- in respect of the tranche 9 Pacific Smiles Performance Rights, the Pacific Smiles Board has discretion as to how these Pacific Smiles Performance Rights will be treated upon a change of control, having regard to the prevailing circumstances. In its Target's Statement, the Pacific Smiles Board indicated that it has determined that those rights will be tested against their respective performance hurdles as if the date of the change of control was the end of the performance period (which it expects will result in 20% of these performance rights vesting), and any which do not vest on that basis will lapse;<sup>16</sup> and
- in respect of the tranche 10 and tranche 11 Pacific Smiles Performance Rights, the relevant performance rights will vest upon a "change of control occurring before 31 December 2024."<sup>17</sup>

---

<sup>12</sup> As disclosed by Pacific Smiles on 15 July 2024 and confirmed in its Target's Statement.

<sup>13</sup> Calculated by multiplying the total number of Pacific Smiles Shares on issue by \$1.95, being the All Cash Consideration less the Declared Dividend.

<sup>14</sup> Calculated by multiplying the total number of Pacific Smiles Performance Rights by the All Cash Consideration.

<sup>15</sup> See section 10.3 of the Target's Statement.

<sup>16</sup> See section 10.3 of the Target's Statement.

<sup>17</sup> See section 10.3 of the Target's Statement.

(c) **Maximum All Cash Offer Amount**

Based on the information set out above, the theoretical maximum aggregate cash amount that Bidco is required to fund under the Offer is approximately \$316.7 million.

As explained in Section 1.7(a), Beam Investments, an Associate of Bidco (and a controlled entity of Genesis Capital), is currently the legal and beneficial owner of 31,750,000 Pacific Smiles Shares (approximately 19.9% of Pacific Smiles Shares).<sup>18</sup> These Pacific Smiles Shares are subject to Put Options granted in favour of the Put Option Counterparties, being Genesis Fund and GFT2.

Beam Investments has advised Bidco that it intends to exercise the Put Options and transfer its Pacific Smiles Shares to the Put Option Counterparties during the Offer Period. The Put Option Counterparties have confirmed that when they acquire Pacific Smiles Shares under the Put Options, they will lodge Acceptance Instructions with the Institutional Acceptance Facility Operator (in accordance with the terms of the Institutional Acceptance Facility) and elect to receive the All Scrip Consideration in respect of each of those Pacific Smiles Shares.

Accordingly, the aggregate cash amount that Bidco could be required to fund under the Offer is approximately \$255 million ("**Maximum All Cash Offer Amount**").

(d) **Funding of the Maximum All Cash Offer Amount**

In accordance with the terms of the Equity Commitments, the Bridge Facility and the Debt Facility, funding will be available to Bidco as follows:

- (1) Equity Commitments (as detailed in Section 2.2) may be used to acquire Pacific Smiles Shares under the Cash Offer and meet Bidco's transaction costs. In aggregate, the Equity Commitments are sufficient to meet Bidco's obligations under the Cash Offer until the Bridge Facility becomes available to be drawn by Bidco;
- (2) once the conditions to utilisation of the Bridge Facility (as detailed in Section 2.3) have been satisfied or otherwise waived, the \$160 million committed under the Bridge Facility will be drawn to fund the acquisition of the Pacific Smiles Shares under the Offer and fund certain costs of the Bridge Facility. In aggregate, the Equity Commitments and the amount committed under the Bridge Facility exceed the Maximum All Cash Offer Amount and also provide sufficient funding to meet Bidco's transaction costs; and
- (3) subject to the satisfaction of the Financing Condition by 17 December 2024 (unless the Financing Condition is waived or the time for its satisfaction is extended) and once the conditions to utilisation of the Debt Facility (as disclosed in the Bidder's Statement) have been satisfied or otherwise waived, the \$175 million committed under the Debt Facility may be used to acquire Pacific Smiles Shares under the Offer, refinance the Bridge Facility and meet Bidco's transaction costs.

## 2.2 Equity Commitments

(a) **Existing Equity Commitments**

As disclosed in the Bidder's Statement, Bidco and Holdco had total Equity Commitments of \$100,295,000 from the Co-Investors as at the date of that document. Those Equity Commitments remain available to the Bidder Group as at the date of this First Supplementary Bidder's Statement. Details of the Co-investors and their Equity Commitments are set out in section 4.4(e) of the Bidder's Statement.

---

<sup>18</sup> This is based on there currently being 159,581,938 Pacific Smiles Shares on issue.



(b) **Additional Equity Commitments**

(1) **Genesis Fund II**

On 10 November 2024, Genesis Fund II entered into a co-investment agreement with Bidco and Holdco (amongst others) for the purposes of providing an equity commitment of \$24.5 million (i.e. additional to the existing Equity Commitments referred to in Section 2.2(a)).

Genesis Fund II is a newly established investment vehicle of Genesis Capital, a specialist healthcare investment firm. For more information on Genesis Capital please see section 4.1 of the Bidder's Statement.

Genesis Fund II has uncalled capital commitments equal to its Equity Commitment that may be drawn on an unconditional basis.

(2) **GFT2**

On 10 November 2024, GFT2 entered into a co-investment agreement with Bidco and Holdco (amongst others) for the purposes of providing an equity commitment of \$10 million (i.e. additional to the existing Equity Commitments referred to in Section 2.2(a)).

For more information on GFT2, please see section 4.4(e)(2) of the Bidder's Statement.

GFT2 has uncalled capital commitments equal to its Equity Commitment that may be drawn on an unconditional basis.

(c) **Use of Equity Commitments**

Under the terms of the relevant Co-investment Agreement, the Equity Commitment agreed by Asia Opportunities (Singapore) Pte. Limited and ADL ANZ Opportunities I Pte. Limited ("**Ares Equity Investors**") is not able to be called by Holdco until the Debt Facility is utilised.

The Debt Facility is subject to the Financing Condition that must be satisfied by 17 December 2024, being:

- (1) a majority of the members of the board of directors of Pacific Smiles have publicly recommended that the shareholders of Pacific Smiles accept the Offer (in the absence of a superior proposal and subject to any other customary qualification); and
- (2) Bidco and its associates (as defined in section 9 of the Corporations Act) have relevant interests in at least 90% (by number) of the issued shares in Pacific Smiles.

Accordingly, the amount of Equity Commitments that Bidco is able to utilise prior to the Financing Condition being satisfied is \$114.8 million. This amount, alongside the amount available under the Bridge Facility, is greater than the Maximum All Cash Offer Amount and therefore sufficient to fund acquisition of 100% of Pacific Smiles Shares on a fully diluted basis and the transaction costs incurred by the Bidder Group in connection with the Offer.

To the extent that the Financing Condition is satisfied by 17 December 2024 and the Debt Facility is drawn Bidco will have total Equity Commitments of approximately \$134.8 million.

## 2.3 Bridge Facility

(a) **Overview of funding arrangements**

In addition to drawing on the Equity Commitments described above, Bidco will obtain cash to settle Acceptances under the Offer by making drawings under a committed term loan note facility (the "**Bridge Facility**") pursuant to the terms of a loan note subscription agreement which Bidco and Subco (the immediate holding company of Bidco) have entered into with Nomura Singapore Limited (the "**Bridge Financier**") (the "**Bridge Facility Agreement**").

The maximum amount that Bidco is permitted to draw under the Bridge Facility is \$160 million, which may be used for the following purposes:

- (1) funding the Offer as well as all associated fees, taxes and expenses for the Bridge Facility and the Offer;
- (2) funding the initial deposit of \$5,000,000 into a debt service reserve account to fund interest payments under the Bridge Facility ("**DSRA**"); and
- (3) to the extent there are remaining amounts, retaining up to \$5,000,000 as cash on its balance sheet.

The terms of the Bridge Facility documents require Bidco and Subco to comply with terms and conditions on an ongoing basis, making certain representations, including in respect of early repayment events, compliance with financial covenants and restrictions on the payment of distributions, amongst other terms.

(b) **Conditions precedent**

Bidco will need to satisfy each of the following conditions before it is able to draw the Bridge Facility:

- (1) the DSRA has been funded (or will be funded from the first draw of the Bridge Facility) with the initial deposit amount of \$5,000,000;
- (2) evidence that Genesis Fund and GFT2 are the registered holders of at least 31,750,000 Pacific Smiles Shares in aggregate;
- (3) no actual or potential major event of default (see Section 2.3(c) of this First Supplementary Bidder's Statement below) is continuing at the date of drawdown of the Bridge Facility or would result from the drawing of the Bridge Facility;
- (4) Bidco has confirmed in the relevant utilisation request:
  - (A) the LTV (as described in Section 2.3(f) calculated on a *pro forma* basis for the proposed drawing and Pacific Smiles Shares to be acquired by Bidco) on the proposed utilisation date will not exceed 50% (or where Bidco, Genesis Fund and GFT2 together hold 90% or more of all Pacific Smiles Shares, 55%);
  - (B) Bidco, Genesis Fund and GFT2 together have a Relevant Interest in at least 50.1% of all Pacific Smiles Shares on issue;
  - (C) there has been no waiver, amendment or modification to any term of the Offer set out in section 12 of the Bidder's Statement or a provision relating to the disclosure of the terms of the debt financing of the Bidder's Statement or this First Supplementary Bidder's Statement, the Holdco Shareholders' Deed or Holdco's constitution which would be materially prejudicial to the interests of the Bridge Financier (in its capacity as such) without the Bridge Financier's prior written consent (subject to certain matters which shall not require consent);
  - (D) (in respect of the first drawing under the Bridge Facility only) at least \$95,000,000 has been invested by way of equity contributions and/or shareholder scrip acceptances in accordance with the Offer (excluding (1) scrip acceptances which will not have been released from the Institutional Acceptance Facility on or before first drawdown of the Bridge Facility and (2) scrip acceptances by Genesis Fund and GFT2); and

- (E) to the extent the Cash Offer Price excluding the dividend component is increased to an amount greater than \$1.90 (either before the first drawing under the Bridge Facility or subsequently), an amount that is sufficient (when aggregated with the amount available to be drawn under the Bridge Facility) to fully fund the aggregate cash payment required to be made by Bidco to (i) acquire all Pacific Smiles Shares not owned by Bidco, Genesis Fund or GFT2 (assuming the relevant shareholders elect for All Cash Consideration at the increased Cash Offer Price) and (ii) the amount of additional cash consideration that Bidco is required to pay for all Pacific Smiles Shares acquired under the Offer prior to (and as a result of) the increase (or in certain circumstances, a lower amount), has been invested by way of equity contributions and/or scrip acceptances in accordance with the Offer (including acceptance indications for Scrip Consideration which are held in the Institutional Acceptance Facility);
- (5) certain other conditions precedent which are considered by Bidco to be procedural in nature and/or within the sole control of Bidco or Genesis Capital.

Bidco is not aware of any reason why any of the conditions described above will not be satisfied in time to allow the Bridge Facility to be drawn by Bidco to pay any cash component of the Offer Consideration as and when required.

(c) **Events of default**

The Bridge Facility is subject to events of default which are customary for a financing of this nature. The major events of default under the Bridge Facility Agreement are as follows:

- (1) Bidco or Subco fails to pay any principal or interest payable under a Bridge Facility document by its due date (or within three business days where caused by an administrative or technical error);
- (2) Bidco or Subco does not comply with certain undertakings in the Bridge Facility documents (relating to restrictions on holding companies, negative pledge, disposals, merger, loans and credit, dividends and share redemption, financial indebtedness, takeover-offer related undertakings, sanctions and anti-corruption, anti-terrorism and anti-money laundering) and (if capable of remedy) such non-compliance is not remedied within 10 business days;
- (3) certain representations or warranties made by Bidco or Subco (relating to status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, insolvency, pari passu ranking, offer document, benefit, holding companies, sanctions and anti-corruption and anti-terrorism) or by Genesis Fund or GFT2 (relating to status, binding obligations, non-conflict with other obligations, power and authority and validity and admissibility in evidence) is incorrect or misleading in any material respect and (if capable of remedy) is not remedied within 10 business days;
- (4) an insolvency related event occurs in relation to Bidco or Subco (including any corporate action, legal proceeding or step is taken in relation to the appointment of an administrator, a receiver or the administration or winding-up of Bidco or Subco, entry into a voluntary or scheme of arrangement, creditor enforcement or execution against assets, and Bidco or Subco is or presumed unable to pay its debts as and when they fall due);

- (5) it becomes unlawful for Bidco, Subco, Genesis Fund or GFT2 to perform any of its obligations under any Bridge Facility document or any security given by it ceases to be effective;
- (6) Bidco, Subco, Genesis Fund or GFT2 repudiates or intends to repudiate a Bridge Facility document; or
- (7) any provision of a Bridge Facility document is/or becomes, invalid, void, voidable or unenforceable.

The occurrence of an event of default under the Bridge Facility Agreement will enliven certain rights (including demanding early repayment of all loans and other amounts outstanding under the Bridge Facility documents, claim on the guarantees or enforce the security given described in the guarantee and security section below (see Section 2.3(i)).

(d) **Representations, warranties and general undertakings**

The representations, warranties and general undertakings (which include positive and restrictive covenants) to be given by Bidco, Subco, Genesis Fund and GFT2 under the Bridge Facility documents are considered by Bidco to be generally customary for a financing of this nature other than the below takeover-related undertakings which require Bidco to:

- (1) not extend the then applicable Offer Period other than in accordance with certain conditions (including where no default has occurred and the extension does not extend the offer period past the availability period of the Bridge Facility);
- (2) where Bidco, Genesis Fund and GFT2 together become the holder of 50.1% or more of all Pacific Smiles Shares, reconstitute the Pacific Smiles Board with a majority of directors and chairperson appointed by Bidco within a prescribed period;
- (3) once Bidco becomes the holder of 90% or more of all Pacific Smiles Shares, commence the Compulsory Acquisition within a prescribed period; and
- (4) following the Final Settlement Date, use reasonable endeavours to procure that its nominee directors appointed to the Pacific Smiles Board require (subject only to those directors' fiduciary and statutory duties) Pacific Smiles to review and optimise the existing dividend policy and practice of Pacific Smiles to derive the maximum amount of dividends for shareholders for so long as Pacific Smiles remains a non-wholly owned subsidiary of Bidco and exercise its voting rights as a shareholder of Pacific Smiles to protect the interests of the Bridge Financier (provided that in no circumstances will Bidco be required to procure that any director acts in a way that would be unlawful or inconsistent with their duties as a director of Pacific Smiles).

Bidco and Subco will be subject to restrictive covenants that limit the actions either can take (including in respect of trading, acquisitions (other than pursuant to the Offer), disposals, mergers, advancing loans or credit, incurring debt, participating in hedging, granting security or in respect of its share capital) until the Bridge Facility is repaid or refinanced in full.

(e) **Period of commitment**

The Bridge Facility will be available for drawing until the date falling three months after the date of the Bridge Facility Agreement, which is dated 11 November 2024. However, such availability period is able to be extended in increments of 7 days (with the consent of the Bridge Financier) or in circumstances where Bidco has commenced Compulsory Acquisition (provided no default is continuing and the extension is solely for the purpose of completing the Compulsory Acquisition). Any such extension to the availability period will also result in a corresponding extension to the repayment date for all loans drawn under the Bridge Facility.

Any extension of the Bridge Facility will be subject to the payment of an agreed fee by Bidco.

(f) **Interest**

Interest rate

Interest will accrue on the daily outstanding principal amount of the loans under the Bridge Facility for each monthly interest period at the rate which is the sum of the Australian Bank Bill Swap Reference Rate (Bid) administered by ASX Benchmarks Pty Limited ("**BBSY**") and the interest margin. Bidco has agreed that the minimum BBSY will be 0.00% per annum.

The interest margin is a rate between 7.50-9.50% per annum that varies for each monthly interest period based on the prevailing loan to value ratio (being the ratio of: (A) the aggregate principal amounts outstanding under the Bridge Facility (less certain amounts of cash and cash equivalents held by Bidco) to (B) the Cash Offer Price (excluding the dividend component) multiplied by the number of Pacific Smiles Shares owned by Bidco, Genesis Fund and GFT2 ("**LTV**"). Additionally, the interest margin will be increased by 0.50% per annum on the first day of each monthly interest period which commences after the end of the availability period (see Section 2.30 above for further details on the availability period).

Interest payments prior to the first DSRA Top-up Date

Interest is payable in cash on the last business day of each calendar month and may be paid either directly or by utilising amounts standing to the credit of the DSRA which Bidco is required to fund as a condition precedent to any drawings under the Bridge Facility (see conditions precedent above).

Interest payments post first DSRA Top-up Date

Where the amount standing to the credit of the DSRA falls below \$1,000,000 on any interest payment date (a "**DSRA Top-up Date**"), Bidco is required to deposit an additional amount into the DSRA to ensure that the balance is at least 50% of the amount of interest projected to be payable on each outstanding loan under the Bridge Facility for the following three months.

Bidco may elect to capitalise a portion of the interest which has accrued on a loan under the Bridge Facility (instead of paying that portion in cash) to provide it with additional liquidity (a "**Bridge PIK Election**") for any interest period ending on or after the first DSRA Top-up Date. If Bidco makes a Bridge PIK Election, the applicable rate of interest on the loan will be increased by 1.00% per annum for the relevant interest period. Any interest capitalised will be automatically added to the outstanding loan under the Bridge Facility on the relevant interest payment date and bear interest at the rate of interest applicable to the loan under the Bridge Facility Agreement.

(g) **Other fees**

A commitment fee will accrue on the undrawn commitments under the Bridge Facility during the availability period and will be payable (irrespective of whether any amounts under the Bridge Facility are actually drawn) on the earlier of: (i) the last day of the availability period and (ii) the time the Bridge Financier's undrawn commitment is cancelled in full.

An establishment fee of approximately 1.90% of the Bridge Facility amount (being \$160 million) is payable out of the proceeds of the first drawdown of the Bridge Facility (or otherwise payable on the last day of the availability period or, if earlier, the Bridge Financier's commitment is cancelled in full, if the Bridge Facility is not drawn).

The fee and interest arrangements with the Bridge Financier are structured to provide a minimum economic return to the Bridge Financier of \$5,250,000 such that Bidco will be required to pay a top-up fee in the amount of the difference where the return to the Bridge Financier from the establishment fee, commitment fee and amounts paid in interest in aggregate is less than

\$5,250,000 ("**Top-up Fee**"). The Top-up Fee is payable on the earlier of (i) the repayment date; and (ii) and the date the Bridge Facility is cancelled and repaid or prepaid (or becomes repayable or prepayable) in full and will not be payable where the Bridge Financier participates (subject to various requirements) for a minimum specified amount in certain refinancings of the Bridge Facility.

Customary fees for the agent and security trustee under the Bridge Facility documents are also payable.

(h) **Repayment**

All loans and other amounts outstanding under the Bridge Facility documents must be repaid on the date falling 9 months after the date of the Bridge Facility Agreement (as that date may be extended from time to time by any corresponding extensions to the availability period (see period of commitment above)).

In addition, the following events will result in the Bridge Facility being cancelled and require Bidco to repay all loans and other amounts outstanding under the Bridge Facility documents (unless the Bridge Financier otherwise agrees):

- (1) Bidco, Genesis Fund and GFT2 together cease to have a Relevant Interest in at least 50.1% of all Pacific Smiles Shares (subject to limited exceptions);
- (2) any entity (or entities acting in concert) other than Genesis Capital, any Associate of Genesis Capital, or any entity which becomes a shareholder in Holdco as a result of accepting the Offer obtains a Relevant Interest in at least 50.1% of all Pacific Smiles Shares;
- (3) a change of control occurs which includes (among other circumstances) where:
  - (A) Bidco ceases to be a wholly-owned subsidiary of Holdco;
  - (B) Genesis Capital does not, or ceases to, have the power to appoint or remove the majority of the directors of Holdco;
  - (C) any entity (or entities acting in concert) other than Genesis Capital or an Associate of Genesis Capital has the power to cast, or control the casting of, at least 50.1% of Holdco Shares or appoint or remove all, or the majority of, the directors of Holdco; or
  - (D) if, as at the Final Settlement Date, Genesis Capital or an Associate of Genesis Capital (individually or together) holds at least 75% of all Pacific Smiles Shares, and subsequently Genesis Capital and an Associate of Genesis Capital (individually or together) ceases to hold or have the power to cast (or control the casting of) at least 50.1% of all Holdco Shares; or
- (4) following the Final Settlement Date:
  - (A) the Pacific Smiles Shares are delisted (subject to exceptions including where delisting occurs in connection with the Offer or is initiated by Bidco);
  - (B) the Pacific Smiles Shares are suspended from trading for more than five consecutive trading days (other than in connection with the Offer); or
  - (C) the daily volume weighted average price of Pacific Smiles Shares drops below \$1.50 per share for at least five consecutive trading days and the Bridge Financier elects to appoint an independent expert to undertake an appraisal of Pacific Smiles based on its fundamental value, who determines that the appraised value (on a control basis) is

less than A\$1.50 per Pacific Smiles Share. This does not apply following the delisting of Pacific Smiles Shares.

Bidco will also be required to apply various amounts towards partial prepayment of any outstanding loans under the Bridge Facility (subject to certain exceptions) in the following circumstances:

- (1) where Bidco, Genesis Fund or GFT2 receive any cash proceeds following the disposal of any Pacific Smiles Shares, Bidco must apply the net cash proceeds in prepayment of outstanding loans;
- (2) where Bidco, Genesis Fund and GFT2 together cease to have a Relevant Interest in at least 50.1% of all Pacific Smiles Shares as a result of Pacific Smiles undertaking a capital raising at a time when Bidco, Genesis Fund and GFT2 do not control the Pacific Smiles Board or pursuant to the exercise of any performance right, Bidco must restore the LTV (by the prepayment of loans, acquisition of additional Pacific Smiles Shares or a combination of both) to a level that is equal to or less than the relevant LTV ratio that applied immediately prior to such capital raise;
- (3) where Pacific Smiles incurs any incremental debt in excess of \$15,000,000 (excluding any transactional banking facilities) after the Final Settlement Date, Bidco must prepay outstanding loans by the amount of incremental debt incurred in excess of \$15,000,000; and
- (4) where Bidco receives any cash distributions from Pacific Smiles after the Final Settlement Date, Bidco must apply the net cash distributions in prepayment of outstanding loans.

(i) **Guarantee and security**

The loans and other amounts outstanding under the Bridge Facility documents will be guaranteed by Bidco and Subco and secured by security given by each of them overall, or substantially all, of their assets (which will include the shares acquired by Bidco in Pacific Smiles).

Additionally, Genesis Fund and GFT2 will grant limited recourse security over the shares they hold in Pacific Smiles.

(j) **Financial covenant**

Bidco must ensure that on each 30 June and 31 December half year end date (commencing with the last day of the reporting period for the first Pacific Smiles financial statements available after the Final Settlement Date), the net leverage ratio (being the ratio of: (A) the borrowings (less cash and cash equivalents) of Pacific Smiles on a consolidated basis (proportionate to the percentage of Pacific Smiles Shares owned by Bidco, Genesis Fund and GFT2 collectively out of all Pacific Smiles Shares) and the debt of Bidco (less certain cash and cash equivalents) to: (B) the consolidated EBITDA of Pacific Smiles on a consolidated basis (proportionate to the percentage of Pacific Smiles Shares owned by Bidco, Genesis Fund and GFT2 collectively out of all Pacific Smiles Shares), must be less than 5.00x (where Bidco, Genesis Fund and GFT2 collectively own less than 75% of all Pacific Smiles Shares) and less than 5.75x (where Bidco, Genesis Fund and GFT2 collectively own 75% or more of all Pacific Smiles Shares).

Failure to comply with the financial covenant following the Final Settlement Date will trigger an event of default under the Bridge Facility Agreement and enable the Bridge Financier to demand early repayment of all loans and other amounts outstanding under the Bridge Facility documents, claim on the guarantees or enforce the security given described in the guarantee and security section above.

If the securities of Pacific Smiles are delisted for any reason, Bidco and the Bridge Financier agree to negotiate with each other in good faith acting in a commercially reasonable manner to agree appropriate amendments to ensure that an alternative source of information is available to test the net leverage

ratio and otherwise ensure that the same commercial effect (including headroom) is maintained as compared to immediately prior to the delisting.

(k) **Distribution restrictions**

Bidco and Subco will be restricted from making distributions and returning capital to its shareholders without the prior approval of the Bridge Financier for so long as any amounts are outstanding under the Bridge Facility documents or the Bridge Facility remains available to be drawn.

## 2.4 Debt Facility

To the extent that the Financing Condition is satisfied by 17 December 2024, the Debt Facility may be drawn (either instead of the Bridge Facility or as replacement financing or to refinance the Bridge Facility). Further details of the Debt Facility are set out in section 7.4 of the Bidder's Statement.

## 2.5 Illustrative sources and uses to obtain 30%, 50.1%, 75% and 100% Relevant Interests

The table below illustrates the sources and uses of funds of the Bidder Group required to obtain four different Relevant Interest percentages in Pacific Smiles. The information shown in the table is based on assumptions made by Bidco around certain items as at the date of this First Supplementary Bidder's Statement and at notional close of the Offer, including that:

- the Equity Investors (including Genesis Fund II and GFT2 as new Equity Investors but not including the equity commitment from the Ares Equity Investors) have committed equity of \$115 million to the Bidder Group;
- in respect of scenarios A, B and C in the table below this list of bullet points:
  - to align with substantial holding disclosures made during the Offer Period, the Relevant Interests in Pacific Smiles Shares acquired by Bidco under the Offer are deemed to include the Pacific Smiles Shares in which Beam Investments has a Relevant Interest as at the date of this First Supplementary Bidder's Statement (and which are proposed to be transferred to Genesis Fund and GFT2), noting that Bidco will continue to disclose that its voting power in Pacific Smiles takes into account each of those Pacific Smiles Shares because Beam Investments, Genesis Fund and GFT2 are disclosed associates of Bidco in respect of Pacific Smiles; and
  - all Pacific Smiles Shareholders who accept the Offer make an Election to receive All Cash Consideration, noting that Genesis Fund and GFT2 will indicate their intention to accept the Offer via the Institutional Acceptance Facility until the IAF Triggering Conditions are satisfied. If those conditions are satisfied, they will accept the Offer and Elect to receive the All Scrip Consideration;
- in respect of scenario D, all Pacific Smiles Shareholders (other than Genesis Fund and GFT2) who accept the Offer make an Election to receive All Cash Consideration and Genesis Fund and GFT2 make Elections for the All Scrip Consideration;
- in respect of scenario E, certain Pacific Smiles Shareholders (other than Genesis Fund and GFT2) make Elections for All Scrip Consideration or Mixed Consideration such that 10% of Pacific Smiles Shares (on a fully diluted basis) are exchanged for Holdco Shares, and Genesis Fund and GFT2 separately make Elections for the All Scrip Consideration;
- in respect of scenarios B, C, D and E, up to \$160 million of the Bridge Facility is available to be drawn; and
- in scenarios A, B and C, the transaction costs (which includes advisory, financing and other transaction related costs) have been allocated to the Bidder Group, Genesis Fund and GFT2 in an amount that is proportionate to each of their direct



shareholdings in Pacific Smiles. In scenarios D and E, the Bidder Group will meet all transaction costs. Accordingly in respect of:

- scenario A, transaction costs for the Bidder Group are expected to be approximately \$3.6 million;
- scenario B, transaction costs for the Bidder Group are expected to be approximately \$9.3 million;
- scenario C, transaction costs for the Bidder Group are expected to be approximately \$9.7 million;
- scenarios D and E, transaction costs for the Bidder Group and the provision of starting balance sheet liquidity for the Bidder Group is expected to be \$19.9 million.

Fees in the table include the establishment costs payable by the Bidder Group under the Bridge Facility, but it does not include any costs incurred to refinance the Bridge Facility (including in respect of the Debt Facility), to meet the Top-up Fee or ongoing interest costs. The table does not include any assumed transaction costs of Pacific Smiles.

**Pacific Smiles Shareholders should be aware that the assumptions set out above are illustrative only and that the actual extent of valid Elections to participate in the Scrip Offer, the amount of equity called from the Equity Investors and drawings under the Bridge Facility are likely to be different from that shown in this Section 2.5.**

Scenario		A	B	C	D	E
% Relevant Interests in Pacific Smiles Shares <sup>19</sup>		30%	50.1%	75%	100% (0% scrip elections from non-associated shareholders)	100% (10% scrip elections from non-associated shareholders)
<b>Sources of funds</b>						
Cash from equity commitments	A\$m	35	103	115	115	115
Cash drawn from the Bridge Facility	A\$m	-	-	71	160	128
<b>Total sources</b>	<b>A\$m</b>	<b>35</b>	<b>103</b>	<b>186</b>	<b>275</b>	<b>243</b>
<b>Uses of funds</b>						
Payment of consideration under the Cash Offer	A\$m	31	94	171	255	223
Payment of transaction costs (including costs associated with the Bridge Facility)	A\$m	4	9	10	15	15
Debt Service Reserve Account	A\$m	-	-	5	5	5
<b>Total uses</b>	<b>A\$m</b>	<b>35</b>	<b>103</b>	<b>186</b>	<b>275</b>	<b>243</b>

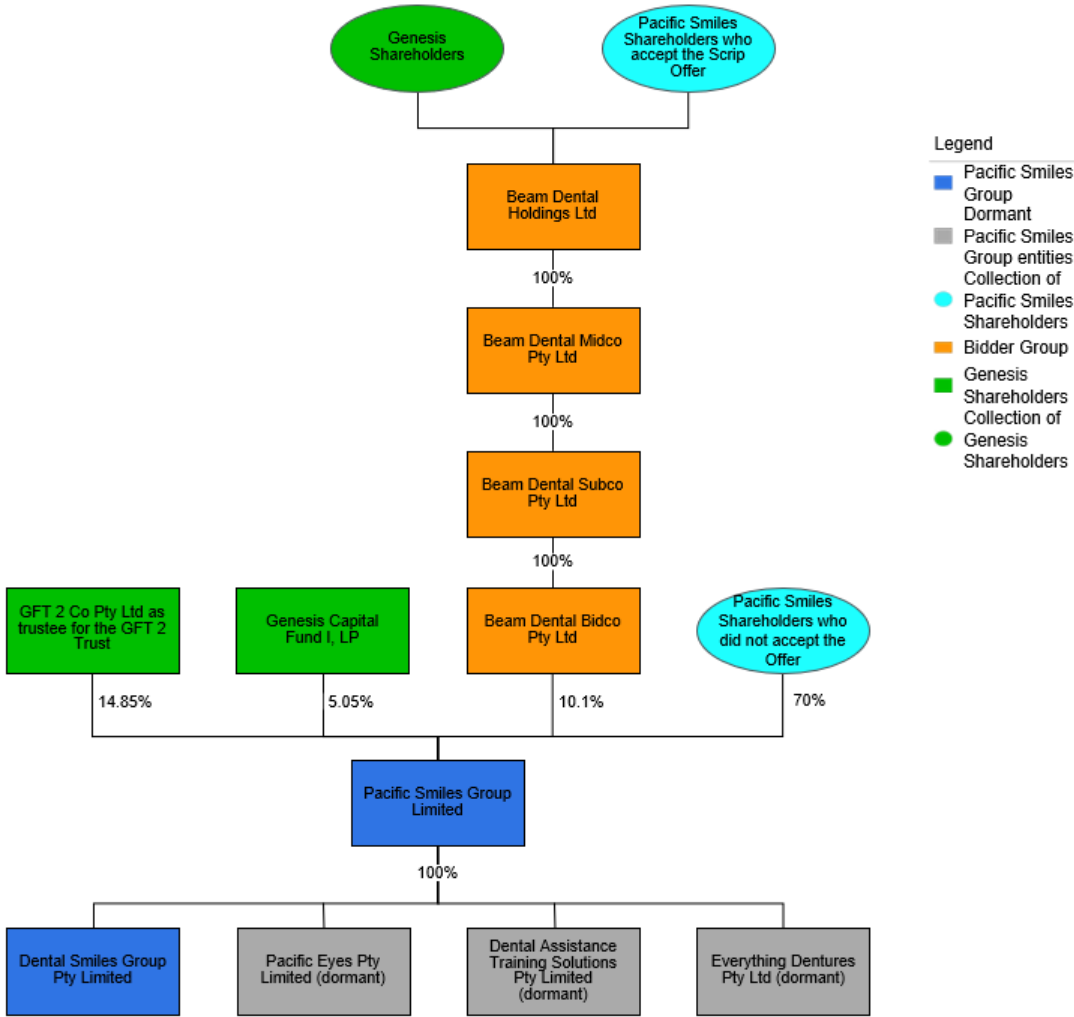
<sup>19</sup> The 30%, 50.1% and 75% scenarios are based on Pacific Smiles having 159,581,938 ordinary shares on issue at the time the Offer closes and are calculated to include the Relevant Interests held by Bidco and its Associates (including the 31,750,000 Pacific Smiles Shares owned by Genesis Fund and GFT2). The two 100% scenarios set out in scenarios D and E assume the 2,794,221 performance rights are converted to ordinary shares so that Pacific Smiles has a fully diluted share capital of 162,376,159 and that Bidco has acquired legal and equitable title to all ordinary shares in Pacific Smiles (including the 31,750,000 Pacific Smiles Shares owned by Genesis Fund and GFT2, as the IAF Triggering Conditions would have been met). For the avoidance of doubt, the Bidder Group will not have an interest in the 31,750,000 Pacific Smiles Shares owned by Genesis Fund and GFT2 at any time prior to the conditions to the Institutional Acceptance Facility being satisfied.

### 3 Information about a scenario in which Bidco does not acquire majority ownership of Pacific Smiles<sup>20</sup>

#### 3.1 Introduction, structure diagram and illustrative ownership table

This Section 3 provides information about a scenario in which Bidco does not acquire majority equity ownership of Pacific Smiles, including details of Bidco’s intentions, possible consequences for Pacific Smiles, Bidco and Holdco, and specific risks that may be faced by Pacific Smiles Shareholders who do not accept the Offer and for Pacific Smiles Shareholders who do accept the Scrip Offer and elect to receive an interest in Holdco Shares, in each case in that scenario.

In an illustrative example of Bidco (together with its Associates) holding Relevant Interests in 30% of Pacific Smiles Shares, the structure diagram of Pacific Smiles and the Bidder Group is expected to be as follows:



<sup>20</sup> In this Section 3 and in Sections 4 and 5, any reference to Bidco acquiring majority ownership of, or having a controlling interest in, Pacific Smiles, having any level of Relevant Interests in Pacific Smiles Shares or any similar or equivalent expression or statement concerning share ownership or voting interests or capacity to exercise voting power in Pacific Smiles or Pacific Smiles Shares, includes a reference to the holdings of Bidco’s disclosed Associates Beam Investments, Genesis Fund and GFT2, on the basis that Bidco and each of those other entities has appointed the Manager as its investment manager in respect of, and in that capacity the Manager may exercise all rights relating to, any Pacific Smiles Shares held by any such entity from time to time. Similarly, any reference to the intentions of Bidco includes a reference to the intentions of the Manager (including in respect of those disclosed Associates), for that same reason. For further details about the role of the Manager, please refer to Section 1.8 and section 4.1 of the Bidder’s Statement.

The composition of Holdco's register of members following Completion of the Offer will be influenced by a number of variables, including factors outside of Bidco's control such as the extent to which Pacific Smiles Shareholders who accept the Offer elect to receive All Scrip Consideration or Mixed Consideration.

However, for illustrative purposes, set out below is an example of how the ownership structure of Holdco may be constituted should 5% of the total number of Pacific Smiles Shares on issue be accepted into the Offer and are the subject of Elections to receive Holdco Shares under the Scrip Offer, and the Offer is accepted in respect of 10.1% of Pacific Smiles Shares (meaning Bidco, together with its Associates, would have Relevant Interests in approximately 30% of Pacific Smiles Shares ("**5% Scenario**")).<sup>21</sup>

In addition, the information is presented on the basis that:

- the Pacific Smiles Shares to be held by GFT2 and Genesis Fund will not be transferred to Bidco (as the IAF Triggering Conditions will not have been met) and Holdco Shareholders will not have an economic interest in those Pacific Smiles Shares;
- the participating Genesis Shareholders invest approximately \$19 million of equity into Holdco to fund Bidco's obligation to pay the All Cash Consideration, the cash component of the Mixed Consideration and the transaction costs incurred by the Bidder Group in connection with the Offer;<sup>22</sup> and
- no debt is drawn under the Bridge Facility.

**Pacific Smiles Shareholders should be aware that the scenario depicted below is illustrative only and that the actual extent of Elections to participate in the Scrip Offer, and the extent of applicable transaction costs, may differ from the assumptions which inform this scenario.**

Holdco Shares	5% rollover via the Scrip Offer	
	Number of Holdco Shares (million)	Percentage of Holdco Shares
Genesis Shareholders	9.8	54.8%
Other Holdco Shareholders	8.1	45.2%
Total Holdco Shares	<b>18.0</b>	<b>100.0%</b>

## 3.2 Bidco's intentions

### (a) Board representation

Should Bidco have a Relevant Interest in less than 50.01% of Pacific Smiles Shares, Bidco may not have the capacity to implement its specific intentions concerning Pacific Smiles, as set out in Sections 4, 5 and 6 and section 8 of the Bidder's Statement. For example, Bidco (acting together with the Manager) may not be in a position to cast sufficient votes to unilaterally pass an ordinary resolution of Pacific Smiles Shareholders.

However, in this scenario (and without limitation), Bidco:

- (1) intends to seek to obtain representation on the Pacific Smiles Board to an extent that is at least commensurate with its proportionate shareholding in Pacific Smiles (inclusive of that of its Associates). This may include proposing that shareholders appoint persons nominated

<sup>21</sup> This illustrative example assumes that, in this scenario, the Pacific Smiles Performance Rights are not converted into Pacific Smiles Shares.

<sup>22</sup> This illustrative example assumes that Bidco's transaction costs are approximately \$4 million. Please refer to Section 2.5 for further information about such costs.

by Bidco to the Pacific Smiles Board at a general meeting of Pacific Smiles Shareholders (see Section 3.2(b) below); and

- (2) subject to applicable law, would expect any such nominee director to advocate for the implementation of the intentions set out in Sections 4, 5 and 6, and section 8 of the Bidder's Statement.

Bidco would otherwise have regard to the circumstances at the time and consider the appropriate courses of action that are in the best interests of Bidco, including with respect to the intentions otherwise disclosed in this First Supplementary Bidder's Statement and the Bidder's Statement.

**(b) Removal of directors**

Without limitation to Section 3.2(a), Bidco may consider exercising its rights under the Corporations Act to requisition a meeting of Pacific Smiles Shareholders to approve the removal of some or all of the Pacific Smiles Board and to appoint replacement directors to the Pacific Smiles Board nominated by Bidco.

**(c) Further acquisition of Pacific Smiles Shares**

Bidco may seek to acquire further Pacific Smiles Shares in a manner consistent with the Corporations Act.

**(d) Other intentions**

Bidco will attempt to give effect to the other intentions set out in section 8 of the Bidder's Statement to the greatest extent possible.

### **3.3 Considerations relevant to Bidco and Holdco**

**(a) Mix of equity and debt funding**

To the extent that Bidco (together with its Associates) does not obtain at least a 50.1% interest in Pacific Smiles, it will not be able to utilise the Bridge Facility or the Debt Facility, such that the Cash Offer will be funded via the Equity Commitments.

**(b) Transaction costs**

Bidco will have incurred transaction costs of at least \$4 million, which will be met by utilising the Equity Commitments.

As Bidco will not have drawn any funds from the Bridge Facility or Debt Facility, Bidco will have no interest costs referable to those facilities but it will be required to meet the Top-up Fee outlined in Section 2.3(g).

**(c) Income of Bidco**

Bidco will receive dividends to the extent paid by Pacific Smiles. However, as Genesis Fund and GFT2 will not have transferred their Pacific Smiles Shares to Bidco (because the IAF Triggering Conditions are not met) in this scenario, Bidco will not receive any dividends associated with (or otherwise have an economic interest in) those Pacific Smiles Shares.

**(d) Transfer of the pre bid stake**

As the IAF Triggering Conditions will not have been satisfied in this scenario, the Pacific Smiles Shares to be held by Genesis Fund and GFT2 will not be transferred to Bidco through the Offer.

However, as described in Section 1.8, the Manager has the right to exercise (or direct the exercise) of the votes attached to the Pacific Smiles Shares held by Bidco, Genesis Fund and GFT2.

### 3.4 Specific risks

Where Bidco (together with its Associates) does not obtain a controlling interest in Pacific Smiles, Pacific Smiles Shareholders may be exposed to the following specific risks.

This information is incremental (and without limitation) to the detailed explanation of risks set out in section 9 of the Bidder's Statement, which Bidco encourages all Pacific Smiles Shareholders to carefully consider.

(a) **Risks for Pacific Smiles Shareholders who do not accept the Offer**

(1) Increases in Bidco's Relevant Interests may enhance its capacity to influence outcomes at general meetings of Pacific Smiles Shareholders

The greater Bidco's Relevant Interests in Pacific Smiles Shares, the more it may be able to influence the outcome of resolutions proposed at general meetings of Pacific Smiles Shareholders. For example, given historical meeting attendance and participation of Pacific Smiles Shareholders, it is possible that Bidco may be able to determine the outcome of ordinary resolutions of Pacific Smiles Shareholders with Voting Power in Pacific Smiles of less than 50%.

(2) Potential fall in the value of Pacific Smiles Shares

It is possible that the market value of Pacific Smiles Shares may decline following the end of the Offer Period if, at that time, there is no other control offer for Pacific Smiles Shares in the market.

(3) Reduced liquidity in the market for Pacific Smiles Shares

To the extent that Bidco acquires Pacific Smiles Shares under the Offer and/or the number of Pacific Smiles Shareholders falls, there may be less liquidity in Pacific Smiles Shares. This may impact the ease and price at which Pacific Smiles Shareholders could sell their Pacific Smiles Shares.

(4) Decreased likelihood of any future alternative proposal

To the extent that Bidco and its Associates obtain a Relevant Interest in more than 25% of Pacific Smiles Shares, Bidco and its Associates will be able to block any future proposed scheme of arrangement. Therefore, in that scenario, Bidco and its Associates cooperation or support would be required for any third party scheme of arrangement to succeed. This may further decrease the likelihood that any third party would make an offer to gain control of 100% of Pacific Smiles.

(b) **Risks for Pacific Smiles Shareholders who elect to accept the Scrip Offer**

In circumstances where Bidco does not obtain a controlling interest in Pacific Smiles, Bidco's capacity to affect change in respect of the Pacific Smiles business may be limited relative to a scenario in which Bidco acquires Control of Pacific Smiles. This may reduce any potential benefit of electing to accept the Scrip Offer and receive an interest in Holdco Shares.

In addition to the risks set out below, Pacific Smiles Shareholders who are considering electing the Scrip Offer are encouraged to read the risk factors set out in section 9 of the Bidder's Statement and particularly those set out in section 9.4 of the Bidder's Statement.

Without limitation to the foregoing, Pacific Smiles Shareholders who elect to accept the Scrip Offer may face the following risks:

(1) Value of Holdco Shares

If Bidco does not obtain a controlling interest in Pacific Smiles, the value of Holdco Shares could be significantly impacted and may be materially lower than the All Cash Consideration.

(2) Unavailability of capital gains tax rollover relief

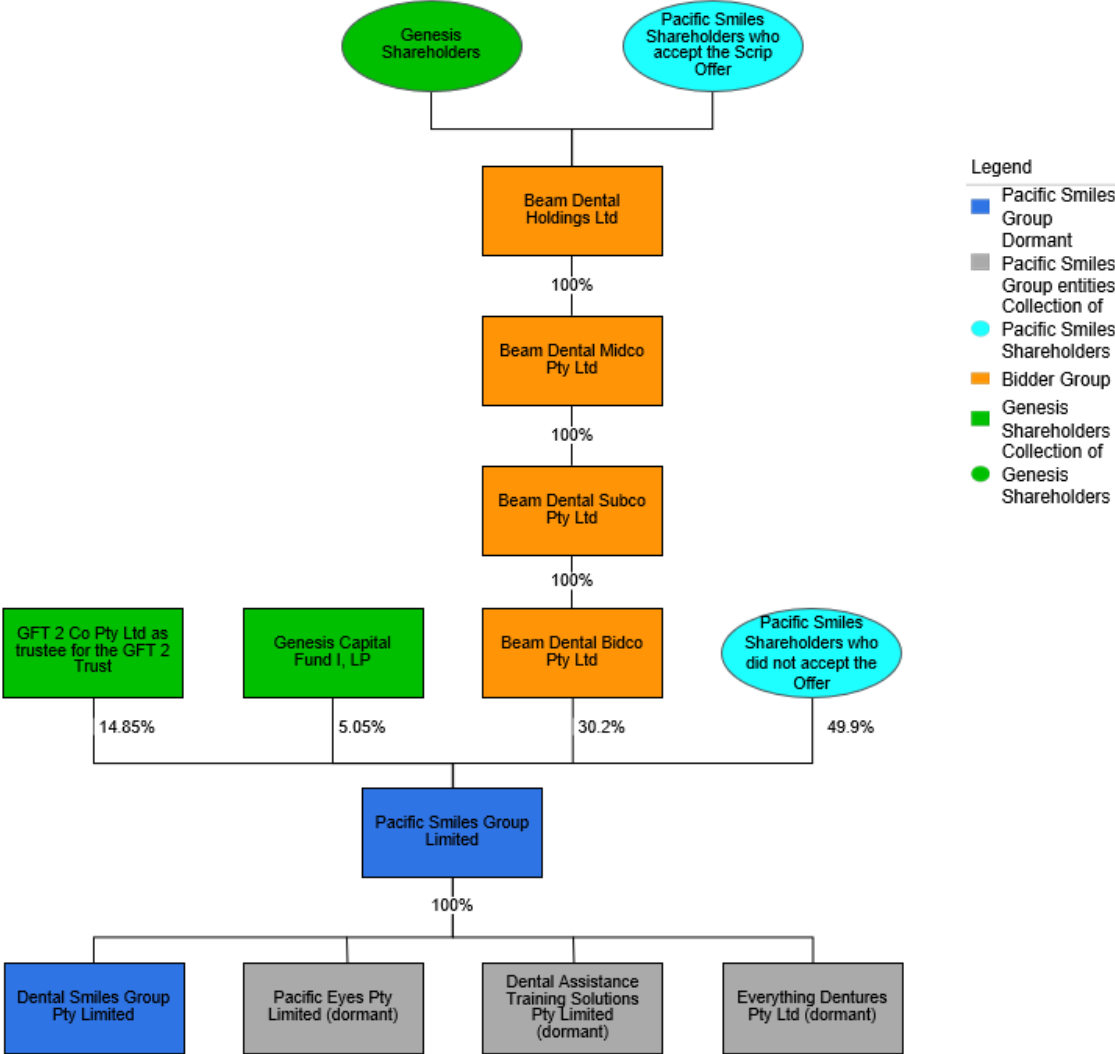
Australian resident taxpayers will not benefit from any capital gains tax rollover relief and will need to pay capital gains tax on the disposal of their Pacific Smiles Shares.

# 4 Information about a scenario in which Bidco has a Relevant Interest in more than 50%, but less than 75%, of Pacific Smiles Shares

## 4.1 Introduction, structure diagram and illustrative ownership table

This Section 4 provides information about a scenario in which Bidco (together its Associates) has a Relevant Interest in more than 50%, but less than 75%, of Pacific Smiles Shares,<sup>23</sup> including details of Bidco’s intentions, possible consequences for Pacific Smiles, Bidco and Holdco, and specific risks that may be faced by Pacific Smiles Shareholders who do not accept the Offer and for Pacific Smiles Shareholders who do accept the Scrip Offer and elect to receive an interest in Holdco Shares, in each case in that scenario.

In an illustrative example of Bidco (together with its Associates) holding Relevant Interests in 50.1% of Pacific Smiles Shares, the structure diagram of Pacific Smiles and the Bidder Group is expected to be as follows:



<sup>23</sup> Please refer to Footnote 20 about the meaning of certain references to Bidco in this Section 4.

The composition of Holdco's register of members following Completion is not known by Bidco as at the date of this First Supplementary Bidder's Statement.

However, for illustrative purposes, set out below is an example of how the ownership structure of Holdco may be constituted should 5% of the total number of Pacific Smiles Shares on issue be accepted into the Offer and are the subject of Elections to receive Holdco Shares under the Scrip Offer, and the Offer is accepted in respect of 30.2% of Pacific Smiles Shares (meaning Bidco, together with its Associates, would have Relevant Interests in approximately 50.1% of Pacific Smiles Shares ).<sup>24</sup>

In addition, the information is presented on the basis that:

- the Pacific Smiles Shares to be held by GFT2 and Genesis Fund will not be transferred to Bidco (as the IAF Triggering Conditions will not have been met) and Holdco Shareholders will not have an economic interest in those Pacific Smiles Shares; and
- the participating Genesis Shareholders invest approximately \$87 million of equity into Holdco to partially fund Bidco's obligation to pay the All Cash Consideration, the cash component of the Mixed Consideration and the transaction costs incurred by the Bidder Group in connection with the Offer;<sup>25</sup> and
- no debt is drawn under the Bridge Facility,

**Pacific Smiles Shareholders should be aware that the scenario depicted below is illustrative only and that the actual extent of Elections to participate in the Scrip Offer, the amount of equity called from the Equity Investors and the extent of transaction costs, may differ from the assumptions which inform this scenario.**

Holdco Shares	5% rollover via the Scrip Offer	
	Number of Holdco Shares (million)	Percentage of Holdco Shares
Genesis Shareholders	44.9	84.7%
Other Holdco Shareholders	8.1	15.3%
Total Holdco Shares	<b>53.0</b>	<b>100.0%</b>

## 4.2 Bidco's intentions

In circumstances where Bidco (together with its Associates) has a Relevant Interest in more than 50% but less than 75% of Pacific Smiles Shares, Bidco intends (without limitation) to undertake the following actions, to the fullest extent possible:

### (a) Composition of the Pacific Smiles Board

Bidco intends (subject to the Corporations Act and the constitution of Pacific Smiles) to seek to replace some or all of the members of the Pacific Smiles Board with Bidco nominees and to replace the chair. In this scenario, Bidco (acting together with Genesis Fund and GFT2) would have the capacity to exercise a majority of votes that may be cast on a resolution of Pacific Smiles Shareholders and therefore could carry resolutions appointing or removing directors of Pacific Smiles.

Replacement board members have not yet been identified by Bidco and their identity will depend on the circumstances at the relevant time. In this scenario,

<sup>24</sup> This illustrative example assumes that, in this scenario, the Pacific Smiles Performance Rights are not converted into Pacific Smiles Shares.

<sup>25</sup> This illustrative example assumes that Bidco's transaction costs are approximately \$9 million.



Bidco will conduct a review to determine the most appropriate replacement board members.

(b) **General operational review**

After the end of the Offer Period, Bidco would propose to the Pacific Smiles Board that an immediate, broad-based review of Pacific Smiles' operations be conducted with respect to both strategic and financial matters (including the current dividend policy of Pacific Smiles).

Bidco would also propose that the review address the matters outlined in Section 6.1.

(c) **Further acquisition of Pacific Smiles Shares**

Bidco may seek to acquire further Pacific Smiles Shares in a manner consistent with the Corporations Act.

(d) **Other intentions**

Bidco will attempt to give effect to the other intentions set out in section 8 of the Bidder's Statement to the greatest extent possible.

### 4.3 Considerations relevant to Bidco and Holdco

(a) **Transaction and interest costs**

The transaction costs payable by the Bidder Group in connection with achieving ownership interests of more than 50% but less than 75% are estimated to be at least \$9 million and include advisory, financing and other transaction related costs incurred in relation to the Offer.

Bidco will not incur interest costs until it draws funding under the Bridge Facility. The extent of these costs will depend on the actual amount drawn. Please see Section 5.3(d) for an outline of the interest costs expected to be incurred by Bidco, to the extent that it has utilised the Bridge Facility, to obtain a Relevant Interest in Pacific Smiles of up to 75%.

(b) **Income of Bidco**

Bidco will receive dividends to the extent paid by Pacific Smiles. However, as Genesis Fund and GFT2 will not have transferred their Pacific Smiles Shares to Bidco (because the IAF Triggering Conditions will not have been satisfied) in this scenario, Bidco will not receive any dividends associated with (or otherwise have an economic interest in) those Pacific Smiles Shares.

(c) **Transfer of the pre bid stake**

As the IAF Triggering Conditions will not be satisfied in this scenario, the Pacific Smiles Shares to be held by Genesis Fund and GFT2 will not be transferred to Bidco through the Offer.

However, as described in Section 1.8, the Manager has the right to exercise (or direct the exercise) of the votes attached to the Pacific Smiles Shares held by Bidco, Genesis Fund and GFT2.

(d) **Bridge Facility refinancing**

Where Bidco and its Associates acquire Relevant Interests in 50.1% or more of Pacific Smiles Shares, to the extent that Bidco utilises the Bridge Facility, Bidco intends to seek to refinance the Bridge Facility, as outlined in Section 5.3(g).

### 4.4 Specific risks

Where Bidco (together with its Associates) acquires a Relevant Interest in more 50% but less than 75% of Pacific Smiles Shares, Pacific Smiles Shareholders may be exposed to the following specific risks.

This information is incremental (and without limitation) to the detailed explanation of risks set out in section 9 of the Bidder's Statement, which Bidco encourages all Pacific Smiles Shareholders to carefully consider.

(a) **Risks for Pacific Smiles Shareholders who do not accept the Offer**

(1) Controlling shareholder

Pacific Smiles Shareholders may face risks in that they will be shareholders in a company with a controlling shareholder, whose interests and objectives for Pacific Smiles may differ from their own. Bidco (together with its Associates) may use its position as controlling shareholder to actively further its own objectives, which may not align with those of other Pacific Smiles Shareholders.

(2) Market to sell Pacific Smiles Shares

The market for Pacific Smiles Shares may become less liquid as the number of Pacific Smiles Shareholders is reduced. This may have implications for Pacific Smiles Shareholders who wish to dispose of their shares after the Offer Period has ended, including on the trading price of Pacific Smiles Shares.

(b) **Risks for Pacific Smiles Shareholders who elect to accept the Scrip Offer**

In circumstances where Bidco and its Associates obtain a Relevant Interest in more 50%, but less than 75%, of Pacific Smiles Shares, Bidco is unlikely to be able to fully implement its intentions with respect to Pacific Smiles. This may reduce any potential benefits of electing to accept the Scrip Offer and receive an interest in Holdco Shares.

In addition to the risks set out below, Pacific Smiles Shareholders who are considering electing the Scrip Offer are encouraged to read the risk factors set out in section 9 of the Bidder's Statement, including those set out in section 9.4 of the Bidder's Statement.

Without limitation to the foregoing, Pacific Smiles Shareholders who elect to accept the Scrip Offer may face the following risks:

(1) Board decision making

Pacific Smiles Shareholders who elect to accept the Scrip Offer and are issued Holdco Shares will be invested in a company that (with its Associates) is the controlling shareholding of Pacific Smiles. In this scenario, the Pacific Smiles Board will not be able to make decisions solely in the interests of Bidco. This may impact Bidco's ability to execute any business strategy it has for Pacific Smiles.

(2) Value of Holdco Shares

If Bidco obtains a controlling interest in Pacific Smiles only, the value of Holdco Shares could be significantly impacted and may be materially lower than the All Cash Consideration.

(3) Unavailability of capital gains tax rollover relief

Australian resident taxpayers will not benefit from any capital gains tax rollover relief and will need to pay capital gains tax on the disposal of their Pacific Smiles Shares.

(4) Risks related to the Bridge Facility

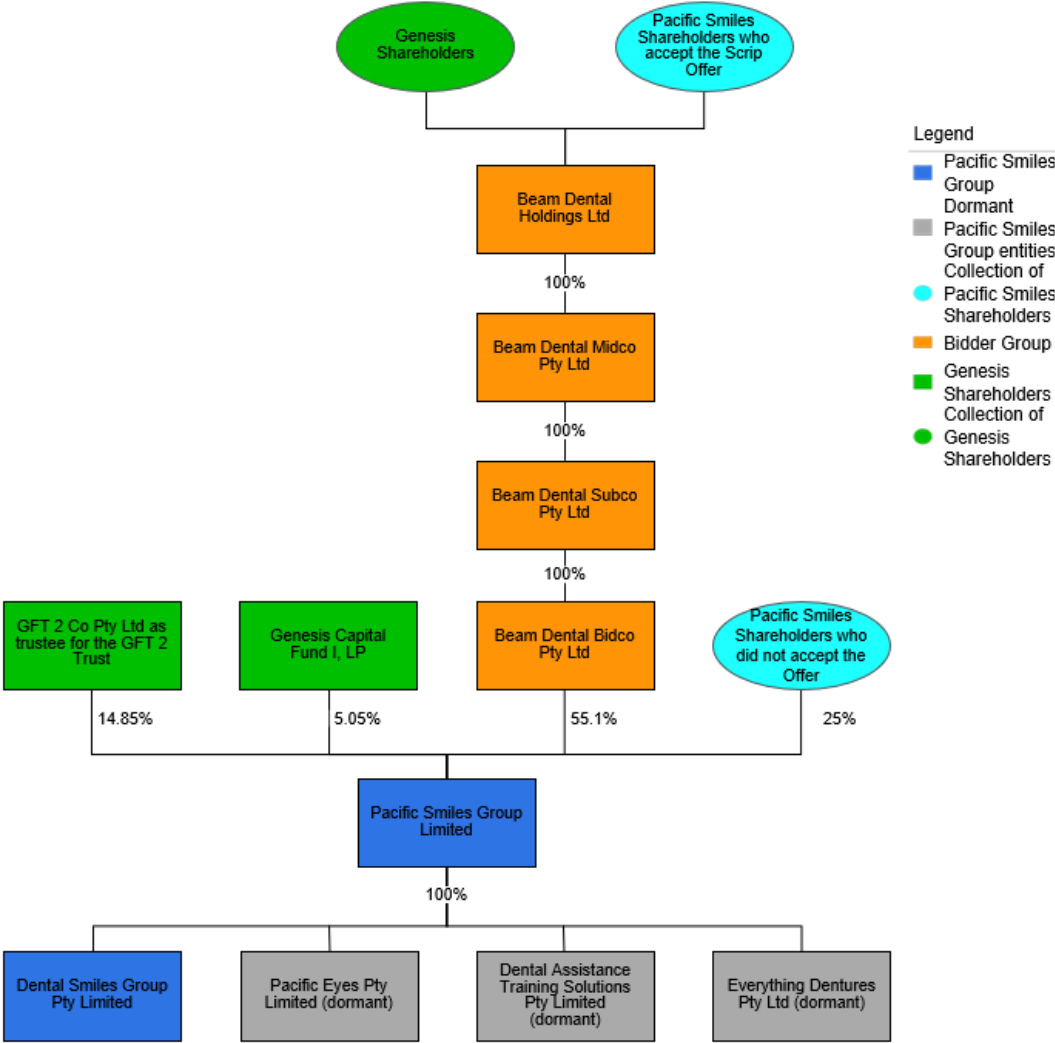
To the extent that Bidco utilises the Bridge Facility, Holdco Shareholders will be exposed to the same risks outlined in Sections 5.4(b)(2), 5.4(b)(3) and 5.4(b)(4).

# 5 Information about a scenario in which Bidco has a Relevant Interest in at least 75%, but less than 90%, of Pacific Smiles Shares

## 5.1 Introduction, structure diagram and ownership table

This Section 5 provides information about a scenario in which Bidco (together its Associates) has a Relevant Interest in at least 75%, but less than 90%, of Pacific Smiles Shares,<sup>26</sup> including details of Bidco’s intentions, possible consequences for Pacific Smiles, Bidco and Holdco, and specific risks that may be faced by Pacific Smiles Shareholders who do not accept the Offer and for Pacific Smiles Shareholders who do accept the Scrip Offer and elect to receive an interest in Holdco Shares, in each case in that scenario.

In an illustrative example of Bidco (together with its Associates) holding Relevant Interests in 75% of Pacific Smiles Shares, the structure diagram of Pacific Smiles and the Bidder Group is expected to be as follows:



<sup>26</sup> Please refer to Footnote 20 about the meaning of certain references to Bidco in this Section 5.

As the composition of Holdco's register of members following Completion will be influenced by a number of variables, including factors outside of Bidco's control, such as:

- the extent to which Pacific Smiles Shareholders who accept the Offer elect to receive the All Scrip Consideration or Mixed Consideration; and
- the precise ratio of debt and equity funding of the Bidder Group,

Bidco is unable to provide definitive details about the composition of the Holdco register of members following Completion as at the date of this First Supplementary Bidder's Statement.

However, for illustrative purposes, possible absolute and relative shareholdings in Holdco, split between the participating Genesis Shareholders and Pacific Smiles Shareholders who elect to accept the Scrip Offer, are set out in the table below. The information presented in the table:

- is based on two rollover ownership scenarios:
  - 5% of the total number of Pacific Smiles Shares on issue are accepted into the Offer and exchanged for Holdco Shares under the Scrip Offer and the total Acceptances into the Offer are 55.1% (meaning Bidco, together with its Associates, would have Relevant Interests in 75% of Pacific Smiles Shares) ("**5% Rollover Scenario**");<sup>27</sup> and
  - 10% of the total number of Pacific Smiles Shares on issue are accepted into the Offer and exchanged for Holdco Shares under the Scrip Offer and the total Acceptances into the Offer are 55.1% ("**10% Rollover Scenario**");<sup>28</sup>
- the Pacific Smiles Shares held by GFT2 and Genesis Fund are the subject of Acceptance Instructions and have been accepted into the Institutional Acceptance Facility. Accordingly, the Pacific Smiles Shares held by each of GFT2 and Genesis Fund will not be transferred to Bidco (as the IAF Triggering Conditions will not have been met) and Holdco Shareholders will not have an economic interest in those Pacific Smiles Shares;
- the participating Genesis Shareholders invest approximately \$114.8 million of equity into Holdco under each of the 5% Rollover Scenario and 10% Rollover Scenario to partially fund Bidco's obligation to pay the All Cash Consideration, the cash component of the Mixed Consideration and the transaction costs incurred by the Bidder Group in connection with the Offer;<sup>29</sup> and
- \$56 million of debt is drawn under the 5% Rollover Scenario and \$40 million of debt is drawn under the 10% Rollover Scenario from the Bridge Facility to partially fund Bidco's obligations to pay the All Cash Consideration, the cash component of the Mixed Consideration and transaction costs incurred by the Bidder Group in connection with the Offer.

**Pacific Smiles Shareholders should be aware that the scenarios depicted below are illustrative only and that the actual extent of Elections to participate in the Scrip Offer, the amount of equity called from the Equity Investors, drawings under the Debt Facility and the extent of transaction costs may differ from the assumptions which inform these scenarios.**

---

<sup>27</sup> This illustrative example assumes that the Pacific Smiles Performance Rights currently on issue are not converted into ordinary Pacific Smiles Shares in the event that Bidco (together with its Associates) achieves a 75% Relevant Interest in Pacific Smiles.

<sup>28</sup> See Footnote 27.

<sup>29</sup> This illustrative example assumes that Bidco's transaction costs are approximately \$10 million.

Holdco Shares	Extent of rollover via the Scrip Offer – where Bidco (together with its Associates) achieves Relevant Interests in 75% of Pacific Smiles Shares			
	5% Rollover Scenario		10% Rollover Scenario	
	Number of Holdco Shares (million)	Percentage of Holdco Shares	Number of Holdco Shares (million)	Percentage of Holdco Shares
Genesis Shareholders	58.9	87.9%	58.9	78.4%
Other Holdco Shareholders	8.1	12.1%	16.2	21.6%
Total Holdco Shares	<b>67.0</b>	<b>100.0%</b>	<b>75.1</b>	<b>100.0%</b>

## 5.2 Bidco's intentions

In circumstances where Bidco (together with its Associates) has a Relevant Interest in at least 75% but less than 90% of Pacific Smiles Shares, Bidco intends (without limitation) to undertake the actions contemplated by Section 4.2 and the following action, in each case to the fullest extent possible:

(a) **Delisting of Pacific Smiles**

Bidco may consider requesting that Pacific Smiles applies for termination of the official quotation of Pacific Smiles Shares on the ASX and to arrange for Pacific Smiles to be removed from the official list of the ASX.

In this regard, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Pacific Smiles from the official list in the context of a successful takeover bid include:

- at the end of the Offer, Bidco and its related bodies corporate own or control at least 75% of Pacific Smiles Shares and the Offer has remained open for at least two weeks after Bidco and its related bodies corporate has attained ownership or control of at least 75% of Pacific Smiles Shares; and
- the number of Pacific Smiles Shareholders (other than Bidco and its Associates) having holdings with a value of least \$500 is fewer than 150,

and, in such case, the ASX will not usually require Pacific Smiles Shareholder approval for Pacific Smiles to be removed from the official list of the ASX.

(b) **Further acquisition of Pacific Smiles Shares**

If Bidco acquires a Relevant Interest in less than 90% of Pacific Smiles Shares under the Offer, Bidco may subsequently seek to acquire additional Pacific Smiles Shares in any manner permitted by the Corporations Act.

In this regard, if Bidco is not entitled to proceed to Compulsory Acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general Compulsory Acquisition under Part 6A.2 of the Corporations Act - for example, as a result of acquisitions of Pacific Smiles Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights.

## 5.3 Considerations relevant to Bidco and Holdco

### (a) Transfer of the pre bid stake

Until the IAF Triggering Conditions are satisfied, the Pacific Smiles Shares held by Genesis Fund and GFT2 will not be transferred to Bidco under the Offer.

As described in Section 1.8, the Manager will be able to exercise (or direct the exercise) of the votes of attached to the Pacific Smiles Shares held by Bidco, Genesis Fund and GFT2. Accordingly, Bidco together with Genesis Fund and GFT2 will be able to exercise sufficient votes to pass ordinary and special resolutions of shareholders.

### (b) Use of the Bridge Facility

Upon Bidco obtaining a Relevant Interest in 75% of Pacific Smiles Shares, and assuming no scrip acceptances (other than those from Genesis Fund and GFT2), Bidco is expected to have drawn at least approximately \$71 million under the Bridge Facility to fund acceptances under the Offer (and/or meet transaction costs). This extent of drawings will continue to increase as Bidco's ownership interests increase beyond 75% to the extent such increases are referable to acceptances of the Cash Offer.

### (c) Use of the Debt Facility

The Debt Facility will not have been utilised in this scenario because the Financing Condition will not have been satisfied.

### (d) Ongoing costs to Bidco

The transaction costs incurred by the Bidder Group in connection with obtaining a Relevant Interest in 75% of Pacific Smiles Shares are estimated to be at least approximately \$10 million.

If Bidco acquires a Relevant Interest in 75% of Pacific Smiles Shares, it is expected that Bidco would have an interest expense under the Bridge Facility of approximately \$10 million (on an annualised basis).

### (e) Income of Bidco

Bidco will receive dividends to the extent paid by Pacific Smiles. However, as Genesis Fund and GFT2 will not have transferred their Pacific Smiles Shares to Bidco (because the IAF Triggering Conditions will not have been met) in this scenario, Bidco will not receive any dividends associated with (or otherwise have an economic interest in) those Pacific Smiles Shares.

### (f) Capacity to meet interest costs

Bidco expects to meet interest costs under the Bridge Facility through the following methods:

#### (1) Debt Service Reserve Account

The DSRA is to be utilised first prior to interest being able to be partially capitalised. To the extent the DSRA balance drops below \$1,000,000, Bidco must top-up the DSRA to cover at least 50% of the next three months cash interest payments (see Section 2.3(f) for further information.).

#### (2) Capitalised interest costs

Bidco, at its sole election, is permitted to capitalise a maximum of 50% of its interest costs under the Bridge Facility, subject to the DSRA being utilised first (see Section 2.3(f) for further information.).

#### (3) Apply dividends received from Pacific Smiles

Bidco must apply any dividends received from Pacific Smiles to repay the Bridge Facility.

(g) **Bridge Facility refinancing**

After the end of the Offer Period, Bidco intends to seek to refinance the Bridge Facility with a longer dated funding solution.

Bidco will be unable to draw the Debt Facility to refinance the Bridge Facility if the Financing Condition is not satisfied by 17 December 2024 (subject to Bidco negotiating an extension to this date and/or a waiver of the Financing Condition).

To the extent that the Debt Facility cannot be utilised to refinance the Bridge Facility, Bidco will undertake a refinancing process, or otherwise raise incremental equity, to fund the refinancing of the Bridge Facility ("**Proposed Refinancing**").

Any refinancing of the Bridge Facility may result in the Bidder Group incurring additional costs.

## 5.4 Specific risks

Where Bidco (together with its Associates) acquires a Relevant Interest in at least 75% but less than 90% of Pacific Smiles Shares, Pacific Smiles Shareholders may be exposed to the following specific risks.

This information is incremental (and without limitation) to the detailed explanation of risks set out in section 9 of the Bidder's Statement, which Bidco encourages all Pacific Smiles Shareholders to carefully consider.

(a) **Risks for Pacific Smiles Shareholders who do not accept the Offer**

(1) Minority holding

Pacific Smiles Shareholders may face risks in that they will be minority shareholders in a company with a controlling shareholder, whose interests and objectives for Pacific Smiles may differ from their own. Bidco (together with its Associates) may use its position as controlling shareholder to actively further its own objectives which may not align with the objectives of other Pacific Smiles Shareholders.

(2) Market to sell Pacific Smiles Shares

The market for Pacific Smiles Shares may become less liquid as the number of Pacific Smiles Shareholders is reduced. This may have implications for Pacific Smiles Shareholders who wish to dispose of their shares after the Offer Period has ended, including on the trading price of Pacific Smiles Shares.

(3) Shareholder protections

To the extent that Pacific Smiles is removed from the official list of the ASX and Pacific Smiles makes amendments to its governance arrangements, Pacific Smiles Shareholders will likely have fewer rights than when Pacific Smiles was listed. This is because certain protections set out in the ASX Listing Rules will no longer apply to Pacific Smiles if it is delisted.

Please refer to section 4.6(d) of the Bidder's Statement for an overview of some of the protections that currently apply to Pacific Smiles Shareholders that will not apply should Pacific Smiles be delisted.

(4) Future acquisition of Pacific Smiles Shares by Bidco

If, as a result of acquisitions of Pacific Smiles Shares after Completion, Bidco becomes eligible to exercise Compulsory Acquisition rights under Part 6A.2 of the Corporations Act, Pacific Smiles Shareholders could be forced to sell their Pacific Smiles Shares to Bidco.

Any Compulsory Acquisition under Part 6A.2 of the Corporations Act may not be on the same terms as the Offer. This means that, in this scenario, Pacific Smiles Shares may receive less consideration than they otherwise would have under the Offer and may not get any opportunity to elect to receive Holdco Shares.

(b) **Risks for Pacific Smiles Shareholders who elect to accept the Scrip Offer**

In circumstances where Bidco and its Associates obtain a Relevant Interest in at least 75%, but less than 90%, of Pacific Smiles Shares, Bidco is unlikely to be able to fully implement its intentions with respect to Pacific Smiles. This may reduce any potential benefits of electing to accept the Scrip Offer and receive an interest in Holdco Shares.

In addition to the risks set out below, Pacific Smiles Shareholders who are considering electing the Scrip Offer are encouraged to read the risk factors set out in section 9 of the Bidder's Statement, including those set out in section 9.4 of the Bidder's Statement.

Without limitation to the foregoing and in addition to the risks set out in Section 4.4(b), Pacific Smiles Shareholders who elect to accept the Scrip Offer may face the following risks:

(1) Capital gains tax rollover relief

If Bidco does not obtain a Relevant Interest in at least 80% of Pacific Smiles Shares, capital gains tax roll-over relief will not be available for Australian resident Pacific Smiles Shareholders who have sold their shares under the Offer and elected to accept Scrip Offer. This may have significant financial impacts for Pacific Smiles Shareholders who elect to accept the Scrip Offer and receive an interest in Holdco Shares.

(2) Risks related to debt servicing

To the extent that Pacific Smiles is not a wholly owned by Bidco, Bidco will be unable to use Pacific Smiles' operating cashflow for the purposes of paying interest costs. Therefore (as described in Section 5.3(e) above), it will (in the absence of additional fundraising) be reliant on:

- the DSRA;
- its rights with respect to the capitalisation of interest payments; and
- dividends received from Pacific Smiles,

to meet its interest obligations under the Bridge Facility.

(3) Bridge Facility refinancing risk and events of default

The Bridge Facility has a term of 9 months and matures on 11 August 2025 (unless extended in accordance with its terms). In addition, the terms of the Bridge Facility contain a number of full and partial mandatory prepayment events that will apply after the Offer is closed and all acceptances have been fully settled (as summarised below). The Bridge Facility contains customary events of default, including breach of financial covenant (as described below). Should Bidco not be able to refinance the Bridge Facility within the required timeframe, or breaches its financial covenant after completion of the Offer, it is possible for Bidco to default and for the Bridge Financier to enforce the security it will have over the Pacific Smiles Shares then owned by Bidco. If these shares were then liquidated to recover the loan amount, it is possible that they may be sold at a price that is materially less than their acquisition price. The occurrence of this circumstance is likely to have a material effect on the value of Holdco Shares.



The mandatory repayment events under the Bridge Facility include: ASX suspension and de-listing (subject to customary carve-outs, including if the reason for such suspension or de-listing is connected to the Offer or Compulsory Acquisition); an independent expert determines that the value (on a “control” basis) of Pacific Smiles Shares is less than \$1.50 per share; incurrence of incremental indebtedness by Pacific Smiles above a certain threshold; disposal by Bidco and its Associates of Pacific Smiles Shares; and occurrence of a change of control in Holdco.

Under the terms of the Bridge Facility, Bidco must ensure that its net leverage ratio (calculated on a look-through basis including proportional net debt and proportional EBITDA of Pacific Smiles) as at each semi-annual calculation date, shall not exceed 5.00x (if target ownership<sup>30</sup> is less than 75%) or 5.75x (if target ownership is 75% or more).

Bidco will be unable to draw the Debt Facility after 17 December 2024 (unless that date is extended), being the date that the Debt Facility may be terminated if the Financing Condition of the Debt Facility is not met (subject to Bidco negotiating any extension to the availability period). Accordingly, in that scenario, Bidco would be unable to use the Debt Facility to refinance the Bridge Facility.

(4) Dilution risk (refinance and fund costs)

To the extent that Bidco is unable to fully refinance the Bridge Facility, it needs to top-up the DSRA, it needs additional equity to cure a financial covenant breach or funds are required for any other purpose, Holdco may undertake an equity raise and request further capital from Holdco Shareholders. To the extent that Holdco Shareholders are unable or unwilling to participate in additional capital raising, their interest in Holdco may be diluted.

---

<sup>30</sup> Based on the aggregate of Pacific Smiles Shares own by Bidco, Genesis Fund and GFT2.

## 6 Information about a scenario in which Bidco acquires a Relevant Interest in 90% or more of Pacific Smiles Shares

---

### 6.1 Summary

Please refer to sections 4 and 8 of the Bidder's Statement for detailed information about a scenario in which Bidco acquires a Relevant Interest in 90% or more of Pacific Smiles Shares and completes Compulsory Acquisition.

Consistently with its disclosures in section 8.2(b) of the Bidder's Statement, in this scenario, Bidco will undertake a general review of Pacific Smiles operations covering strategic, financial and operating matters, including the current dividend policy. As a part of this review, Bidco intends to evaluate the future operations of Pacific Smiles Group with a view to optimising and enhancing the performance of the Pacific Smiles Group.

As part of this review, Bidco intends to consult with relevant stakeholders in respect of, and explore proposals to, fundamentally re-orient the business to ensure the dental practitioner is at its centre. As part of this review and consultation, it would consider options to:

- **Refine the clinic leadership model** by re-introducing both a lead practitioner and clinic manager for each clinic across the network. Bidco's current working hypothesis is that in a scale network such as Pacific Smiles certain operational decisions should be made by local leadership including centre managers. Additionally, Bidco would consider options to introduce a lead practitioner role, with important clinical decisions and actions (including reviewing new practitioner hires, providing mentoring and training for other practitioners etc) to be made by this lead practitioner.
- **Revitalise the opportunities for dentists to learn, grow and progress their careers** allowing them to earn more for themselves and for the Pacific Smiles business. Reforms to be evaluated include an upgrade to, and investment in, internal training and upskilling programs, the introduction of practitioners who are proficient in high value dentistry that can train local practitioners, re-introduction of the annual 'Inspire' conference for the highest performing practitioners and an introduction of a pathway to qualify for equity in the group for those practitioners that meaningfully grow their contribution to the business.
- **Elevating the Pacific Smiles brand image** within the dental community to improve recruitment and retention outcomes.
- **Ensuring relevant Australian clinical representation on the board.** In this regard, Bidco is considering ensuring that there is representation of dental practitioners familiar with the Australian market on the Holdco Board.

### 6.2 Illustrative Holdco ownership table

In section 4.3(b) of the Bidder's Statement, Bidco outlined an illustrative example of possible absolute and relative shareholdings in Holdco, split between Genesis Shareholders (including GFT2 and Genesis Fund) and Pacific Smiles Shareholders (other than GFT2 and Genesis Fund) who elect to participate in the Scrip Offer. This section provides an updated illustrative example in a scenario in which Bidco acquires a Relevant Interest in 100% of Pacific Smiles Shares, based on the following assumptions:

- the example includes two rollover ownership scenarios:
  - 5% Rollover Scenario;<sup>31</sup> and

---

<sup>31</sup> This illustrative example assumes that all Pacific Smiles Performance Rights vest converted into ordinary Pacific Smiles Shares and are acquired by Bidco, whether through their Acceptance into the Offer or by Bidco exercising its compulsory acquisition rights.

- 10% Rollover Scenario;<sup>32</sup>
- that the participating Genesis Shareholders invest approximately \$114.8 million of equity into Holdco under each of the 5% Rollover Scenario and 10% Rollover Scenario to partially fund Bidco's obligations to pay the All Cash Consideration, the cash component of the Mixed Consideration and the transaction costs incurred by the Bidder Group in connection with the Offer; and
- \$144 million of debt is drawn under the 5% Rollover Scenario and \$128 million of debt is drawn under 10% Rollover Scenario from the Bridge Facility to partially fund Bidco's obligations to pay the All Cash Consideration, the cash component of the Mixed Consideration and transaction costs incurred by the Bidder Group in connection with the Offer.

**Pacific Smiles Shareholders should be aware that the scenarios depicted below are illustrative only and that the actual extent of Elections to participate in the Scrip Offer, the amount of equity called from the Equity Investors, drawings under the Bridge Facility and the extent of transaction costs may differ from the assumptions which inform these scenarios.**

Holdco Shares	Extent of rollover via the Scrip Offer – where Bidco has a Relevant Interest in 100% of Pacific Smiles Shares			
	5% Rollover Scenario		10% Rollover Scenario	
	Number of Holdco Shares (million)	Percentage of Holdco Shares	Number of Holdco Shares (million)	Percentage of Holdco Shares
Genesis Shareholders	90.6	91.8%	90.6	84.8%
Other Holdco Shareholders	8.1	8.2%	16.2	15.2%
<b>Total Holdco Shares</b>	<b>98.7</b>	<b>100.0%</b>	<b>106.9</b>	<b>100.0%</b>

### 6.3 Bidco's intentions and other relevant considerations in this scenario

(a) **Introduction**

In circumstances where Bidco acquires Relevant Interests in Pacific Smiles of at least 90%, Bidco will commence Compulsory Acquisition of the remaining Pacific Smiles Shares it does not own and once that process is complete will own 100% of Pacific Smiles Shares.

(b) **Transfer of the pre bid stake**

As the IAF Triggering Conditions will have been satisfied, the Pacific Smiles Shares held by Genesis Fund and GFT2 will be transferred to Bidco through the Offer and Genesis Fund and GFT2 will exchange their Pacific Smiles Shares for Holdco Shares.

(c) **Use of the Bridge Facility**

Upon Bidco acquiring 100% of Pacific Smiles Shares, and assuming no scrip acceptances (other than those from Genesis Fund and GFT2), Bidco will have drawn approximately \$160 million under the Bridge Facility to fund the acceptances under the Offer (and/or meet certain costs).

<sup>32</sup> See Footnote 31.

(d) **Use of the Debt Facility**

The Debt Facility may be able to be utilised if the Financing Condition is satisfied by 17 December 2024.

Please see section 7.4 of the Bidder's Statement for further information on the Debt Facility.

(e) **Ongoing costs to Bidco**

The transaction costs incurred by the Bidder Group to acquire 100% of Pacific Smiles Shares are estimated to be approximately \$15 million and include advisory, financing and other transaction related costs incurred in relation to the Offer. The transactions costs incurred by Pacific Smiles in connection with the Offer are not included in this figure.

If Bidco acquires 100% of Pacific Smiles Shares and draws on the Bridge Facility, it is expected that Bidco would have an interest expense under the Bridge Facility of approximately \$10 million (on an annualised basis). Further information in relation to interest under the Bridge Facility is set out in Section 2.3(f).

(f) **Financial position of the Bidder Group**

Section 4.8 of the Bidder's Statement includes information in relation to the Bidder Group (inclusive of Pacific Smiles). This information is based upon the Debt Facility being used to partially fund the Cash Offer.

In the event that the Debt Facility is not used and the Bridge Facility is used, then:

(1) **Impact of the Offer on net profit after tax**

As the Offer Consideration will be partially funded by the interest-bearing Bridge Facility, the financial performance of Holdco will be affected by higher interest costs than are currently borne by the Pacific Smiles Group because it does not have any drawn borrowings on its balance sheet.

As more fully described in Section 6.3(e), Bidco may incur an interest expense of up to \$10 million in the 12 months following Completion of the Offer. To the extent incurred, this interest expense will reduce the net profit after tax of Holdco on a dollar-for-dollar basis.

(2) **Impact of the Offer on cash flows**

To the extent cash is used to meet interest expenses under the Bridge Facility and/or Debt Facility, this interest expense will reduce the extent of free cash flow otherwise available to Holdco to apply to other uses, such as the payment of dividends. Further information in relation to interest under the Bridge Facility is set out in Section 2.3(f).

(g) **Bridge Facility refinancing**

Please see Section 5.3(g) for details in relation to the Bridge Facility refinancing strategy.

**6.4 Specific risks for Pacific Smiles Shareholders who elect to accept the Scrip Offer**

Pacific Smiles Shareholders who are considering electing the Scrip Offer are encouraged to read the risk factors set out in section 9 of the Bidder's Statement and particularly those set out in section 9.4 of the Bidder's Statement as well as the risks set out in Section 5.4(b).

## 7 Definitions and interpretation

---

### 7.1 Definitions

The following terms have the meanings set out below unless the context requires otherwise:

**"5% Rollover Scenario"** has the meaning given to it in Section 5.1.

**"10% Rollover Scenario"** has the meaning given to it in Section 5.1.

**"All Cash Consideration"** means, subject to the terms of this Offer, \$1.9825 per Pacific Smiles Share.

**"All Scrip Consideration"** means, subject to the terms of this Offer, 1 Holdco Share per Pacific Smiles Share.

**"Ares Equity Investors"** has the meaning given to it in Section 2.2(c).

**"Bidder Group"** means Bidco, Holdco and the entities wholly owned or controlled by Holdco.

**"Bidder's Statement"** means the statement made by Bidco under Part 6.5 Division 2 of the Corporations Act relating to the Offer, as updated by the replacement bidder's statement made on 1 October 2024 and amended by a variation on 25 October 2024.

**"Bridge Facility"** has the meaning given to it in Section 2.3(a).

**"Bridge Facility Agreement"** has the meaning given to it in Section 2.3(a).

**"Bridge Financier"** has the meaning given to it in Section 2.3(a).

**"Bridge PIK Election"** has the meaning given to it in Section 2.3(f).

**"Cash Offer"** means:

- (a) the All Cash Consideration, subject to the terms of the Offer; and
- (b) the cash component of the Mixed Consideration, subject to the terms of the Offer.

**"Cash Offer Price"**, as revised by the amended Offer terms described in this First Supplementary Bidder's Statement, means the All Cash Consideration of \$1.9825 per Pacific Smiles Share, subject to the term of the Offer.

**"Compulsory Acquisition"** means any compulsory acquisition procedure set out in Chapter 6A of the Corporations Act pursuant to which Bidco compulsorily acquires all Pacific Smiles Shares in which it does not have a Relevant Interest.

**"DSRA"** has the meaning given to it in Section 2.3(a).

**"DSRA Top-up Date"** has the meaning given to it in Section 2.3(f).

**"Final Settlement Date"** means the date on which the Offer has closed and all acceptances under the Offer have been fully settled by Bidco (or, if during or at the end of the Offer Period, Bidco and its Associates obtain a Relevant Interest in at least 90 per cent. (by number) of Pacific Smiles Shares, the date on which the Compulsory Acquisition has been fully settled by the Bidco).

**"First Supplementary Bidder's Statement"** has the meaning given to it in Section 1.1.

**"Increased Offer Consideration"** means:

- (c) the All Cash Consideration;
- (d) the Mixed Consideration; and/or
- (e) the All Scrip Consideration,

as the context requires and subject to the terms of this Offer.

**"LTV"** has the meaning given to it in Section 2.3(f).

**"Maximum All Cash Offer Amount"** has the meaning given to it in Section 2.1(c).

**"Mixed Consideration"** means, subject to the terms of this Offer, 49.5625 cents cash and 0.75 Holdco Shares per Pacific Smiles Share.

**"Proposed Refinancing"** has the meaning given to it in Section 5.3(g).

**"Target's Statement"** means the target's statement made by Pacific Smiles under Part 6.5 Division 3 of the Corporations Act relating to the Offer dated 11 October 2024.

**"Top-up Fee"** has the meaning given to it in Section 2.3(g).

## 7.2 Interpretation

- (a) Capitalised terms and certain abbreviations used in this document that are not defined in this First Supplementary Bidder's Statement have the meanings given to them in section 13.1 of the Bidder's Statement.
- (b) Where a definition for a term appears in the Bidder's Statement and a definition for the same term appears in the First Supplementary Bidder's Statement, the meaning provided in the definition contained in the First Supplementary Bidder's Statement will prevail.
- (c) The following words and phrases have the corresponding meaning:
  - (1) stamp duty means Australian stamp duty; and
  - (2) Sydney time means the time in Sydney, Australia.
- (d) In this First Supplementary Bidder's Statement, any words which have the effect of referring to 'Holdco Shares being issued to you', should be read to being a reference to 'Holdco Shares being issued to the Nominee on your behalf'.
- (e) In this First Supplementary Bidder's Statement, any words which have the effect that 'you will retain the full cash amount of the Declared Dividend' is a reference to 'the registered holder of the applicable Pacific Smiles Shares on 25 September 2024 retaining the full cash amount of the Declared Dividend'.
- (f) In this First Supplementary Bidder's Statement, a reference to Bidco's intentions, Bidco exercising its voting rights (or words to that effect) or Bidco's Relevant Interests (or words to that effect) is a reference to Manager in its capacity as representative and manager for Bidco, GFT2 and Genesis Fund.
- (g) Words and phrases which are defined by the Corporations Act have the same meaning in this First Supplementary Bidder's Statement and the notice of variation and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (h) Headings are for convenience only, and do not affect interpretation.
- (i) The following rules also apply in interpreting this First Supplementary Bidder's Statement and the notice of variation, except where the context makes it clear that a rule is not intended to apply:
  - (1) a singular word includes the plural, and vice versa;
  - (2) a word which suggests 1 gender includes the other genders;
  - (3) if a word is defined, another part of speech has a corresponding meaning;
  - (4) unless otherwise stated references in this First Supplementary Bidder's Statement to schedules, sections, paragraphs and subparagraphs are to schedules, sections, paragraphs and subparagraphs of this First Supplementary Bidder's Statement;
  - (5) a reference to a person includes a body corporate;

- (6) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
- (7) appendices to this First Supplementary Bidder's Statement form part of this First Supplementary Bidder's Statement.

## 8 Other material information

---

### 8.1 On market purchase

In accordance with rule 5.13.1 of the ASIC Market Integrity Rules, Bidco reserves the right to acquire Pacific Smiles Shares on-market at or below the Offer Price (at the relevant time) during the bid period (as defined in the ASIC Market Integrity Rules).

Bidco has appointed Jarden Australia Pty Ltd (ABN 33 608 611 687) (AFSL 485351) to make such purchases. Jarden Australia Pty Ltd is unable to give sellers advice in respect of the proposed purchases of Pacific Smiles Shares.

Pacific Smiles Shareholders who sell their Shares on the ASX will receive payment on a T+2 basis (being two Business Days after the date of the relevant transaction). Pacific Smiles Shareholders who sell their Pacific Smiles Shares on the ASX cannot subsequently accept the Offer in respect of their Pacific Smiles Shares sold on the ASX. In addition, Pacific Smiles Shareholders who sell Pacific Smiles Shares on the ASX may incur brokerage charges and GST on brokerage charges which they may not incur if they accept the Offer.

### 8.2 Shareholder intention statements

Pacific Smiles has stated that, in respect of the Offer as originally proposed by Bidco in the Bidder's Statement, it received intention statements from MA Financial Group Limited (who has a Relevant Interest in 13.43% of Pacific Smiles Shares, being 21,427,932 Shares) that it intends to reject the Offer and Dr Alison Hughes, co-founder of Pacific Smiles (who has a Relevant Interest in 9.94% of Pacific Smiles Shares, being 15,860,190 Shares), that she also intends to reject the Offer as contained in the Bidder's Statement (reserving the right to reconsider if there is any variation to any terms, a waiver of any Conditions or any announced alternative control proposal).<sup>33</sup>

In the absence of Acceptances from those Pacific Smiles Shareholders, Bidco will not achieve the aggregate 80% interest in Pacific Smiles (being a combination of Bidco's Relevant Interests plus the number of Pacific Smiles Shares subject to Acceptance Instructions) which is needed to satisfy the IAF Triggering Conditions.

### 8.3 Modifications to and exemptions from the Corporations Act

ASIC has published various instruments providing for modifications and exemptions that generally apply to all persons including Bidco, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, Bidco has relied on a modification to section 636(3) of the Corporations Act set out in paragraph 6 of ASIC Corporations (Takeover Bids) Instrument 2023/683 ("**ASIC Instrument 2023/683**") to include references to certain statements which are made or based on statements made by the independent expert in the '*Pacific Smiles Group Limited – Independent expert's report and Financial Services Guide*' dated 21 June 2024 and published in the document entitled '*Scheme Booklet*' by Pacific Smiles on 26 June 2024, which was lodged with ASIC and ASX. Pursuant to ASIC Instrument 2023/683, the consent of the relevant person is not required for the inclusion of such statements in this First Supplementary Bidder's Statement. As required by ASIC Instrument 2023/683, Bidco will make available a copy of this document (or of relevant extracts from these documents), free of charge, to you and other Pacific Smiles Shareholders who request it during the bid period within 2 Business Days of the request. To obtain a copy of these documents (or the relevant extracts), you may telephone the

---

<sup>33</sup> See ASX announcement "Pacific Smiles' Board Intends to Recommend Shareholders REJECT Genesis Capital Off-market Takeover Bid" dated 30 September 2024.



Bidco Offer Information Line on 1300 101 297 (for calls made within Australia) or +61 2 9068 1929 (for calls made outside Australia).

As permitted by ASIC Instrument 2023/683, this First Supplementary Bidder's Statement contains statements which are made by Pacific Smiles, or based on statements made by Pacific Smiles, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including the ASX). Pursuant to ASIC Instrument 2023/683, the consent of Pacific Smiles to which such statements are attributed is not required for the inclusion of these statements in this First Supplementary Bidder's Statement.

#### **8.4 Consents to be named**

This First Supplementary Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX.

Each of Jarden, Clifford Chance, Nomura Singapore Limited, Ares Management Asia (Singapore) Pte. Ltd., QIC Limited in its capacity as trustee for QIC Private Debt Fund - Government Clients, Asia Opportunities (Singapore) Pte. Limited and ADL ANZ Opportunities I Pte. Limited, Beam Investments, Holdco, Manager, GFT2, Genesis Fund and Genesis Fund II have given and have not, before lodgement of this First Supplementary Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in the First Supplementary Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this First Supplementary Bidder's Statement other than any statement which has been included in this First Supplementary Bidder's Statement with the consent of that party.

Each person who is named in this First Supplementary Bidder's Statement as acting in a professional capacity for Bidco in relation to the Offer (including, without limitation, Jarden and Clifford Chance,):

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement.

#### **8.5 No other material information**

Except as set out in the Bidder's Statement and this First Supplementary Bidder's Statement, there is no information material to the making of a decision by an offeree whether or not to accept the Offer, being information that is known to Bidco and has not previously been disclosed to the holders of Pacific Smiles Shares.

## 9 Approval of First Supplementary Bidder's Statement

---

This Bidder's Statement has been approved by a unanimous resolution of the directors of Bidco.

**Dated** 11 November 2024

**Signed** on behalf of Bidco by Dr Michael Caristo who is authorised to sign by a resolution of the directors of Bidco.



---

Dr Michael Caristo  
Director  
Beam Dental Bidco Pty Limited

**APPENDIX A**  
**NOTICE UNDER THE CORPORATIONS ACT 2001 (CTH)**

**Beam Dental Bidco Pty Ltd**  
(ACN 676 303 254)



**Notice issued sections 650B(3), 650D(1) and 650F(1) of the Corporations Act 2001 (Cth)**  
**Variation of offer – increased consideration and freeing of defeating conditions**

---

*This is a notice made in accordance with subsections 650B(3), 650D(1) and 650F(1) of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Takeover Bids) Instrument 2023/683 (**ASIC Instrument 2023/683**) given by Beam Dental Bidco Pty Ltd (ACN 676 303 254) (**Bidco**) in relation to its off-market takeover bid to acquire all of the ordinary shares in Pacific Smiles (the **Offer**), the terms of which are contained in its replacement bidder's statement dated 1 October 2024 (unless extended or withdrawn) as it is supplemented or replaced from time to time (**Bidder's Statement**).*

*Capitalised terms not defined in this notice have the same meaning given in the Bidder's Statement, unless the context requires otherwise.*

**To:** Australian Securities and Investment Commission (**ASIC**)  
ASX Limited (**ASX**)  
Pacific Smiles Group Limited (ACN 103 087 449) (ASX:PSQ) (**Pacific Smiles**)  
All persons entitled to receive a copy of this notice pursuant to section 650D(1)(c)(ii) of the Corporations Act as modified by ASIC Instrument 2023/683 (**Pacific Smiles Shareholders**)

Dear Pacific Smiles Shareholder,

Bidco is pleased to advise it has varied the offer by:

**1. Increasing the consideration offered for Your Pacific Smiles Shares**

Bidco has increased the consideration under the Offer in accordance with paragraph 650B(1)(a) of the Corporations Act as follows:

- (a) in the case of the All Cash Consideration, from \$1.90 per Pacific Smiles Share to \$1.9825 per Pacific Smiles Share (the "**Increased All Cash Consideration**");<sup>1</sup> and

---

<sup>1</sup> Under the Offer terms, if a Pacific Smiles Shareholder accepts the Offer in respect of its Pacific Smiles Shares and elects to receive the All Cash Consideration, Bidco will deduct from the All Cash Consideration payable in respect of those Pacific Smiles Shares the full cash amount of any dividend declared or paid by Pacific Smiles after the Announcement Date in respect of those Pacific Smiles Shares (including the Declared Dividend), unless the amount of such dividend is paid to Bidco in respect of those same Pacific Smiles Shares. Any fractional entitlement to a cent in respect of the All Cash Consideration will be rounded up or down to the nearest whole cent, in accordance with the terms of the Offer.

- (b) in the case of the Mixed Consideration, from 47.5 cents cash and 0.75 Holdco Shares per Pacific Smiles Share to 49.5625 cents cash and 0.75 Holdco Shares per Pacific Smiles Share (the "**Increased Mixed Consideration**"),<sup>2</sup>

in each case, subject to the Offer terms including with respect to Bidco's entitlement to, and the treatment of, Rights (together, the **Increased Offer Consideration**)

Please note that the number of Holdco Shares issued under Elections for the All Scrip Consideration and Mixed Consideration will not be increased. Instead, Holdco Shares will be issued at a nominal issue price that is equivalent to the All Cash Consideration less the value of any Rights received by you. Accordingly, absent Pacific Smiles undertaking any action that creates an additional Right before the end of the Offer Period, the issue price of a Holdco Share will be \$1.95.

## 2. Declaring the offer free from defeating conditions

Bidco has declared, with immediate effect, that the Offer, and any contract resulting from acceptances of the Offer, are freed from the Conditions from the Offer in accordance with subsection 650F(1) of the Corporations Act, including:

- (a) the Minimum Acceptance Condition (set out in subsection 12.3(a) of the Bidder's Statement);
- (b) the Board Recommendation Condition (set out in subsection 12.3(b) of the Bidder's Statement); and
- (c) the No Prescribed Occurrences Condition (set out in subsection 12.3(c) of the Bidder's Statement)

(together, the "**Conditions**").

### Accept the Offer now

You may accept the Offer by:

- logging into <https://investor.automic.com.au/#/home> and following the instructions:
  - select Pacific Smiles Takeover Offer from the dropdown list in the Issuer Name Field;
  - enter your Holder Identification Number or Securityholder Reference Number (HIN/SRN);
  - enter your postcode OR country of residence (only if outside Australia);
  - tick the box "I'm not a robot" and then select "Next";
  - complete the prompts to set up your username and password details; and
  - once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts;

---

<sup>2</sup> Under the Offer terms, if a Pacific Smiles Shareholder accepts the Offer in respect of its Pacific Smiles Shares and elects to receive the Mixed Consideration, Bidco will deduct from the cash component of the Mixed Consideration payable in respect of those Pacific Smiles Shares 25% of the cash amount of any dividend declared or paid by Pacific Smiles after the Announcement Date in respect of those Pacific Smiles Shares (including the Declared Dividend), unless the amount of such dividend is paid to Bidco in respect of those same Pacific Smiles Shares. Any fractional entitlement to a Holdco Share or a cent in respect of the Mixed Consideration will be rounded up or down to the nearest whole Holdco Share or cent, in accordance with the terms of the Offer.

- completing and signing the personalised acceptance form that was distributed with the Bidder's Statement and returning it to the address specified on the acceptance form; or
- if you are a CHESS holder, instructing your Controlling Participant (usually your broker) to accept the Offer on your behalf.

If you have any questions in relation to this document, the Offer or how to accept the Offer, you can call Bidco's Offer Information Line on 1300 101 297 (within Australia) or +61 2 9068 1929 (outside Australia), Monday to Friday between 8:30am and 7:00pm (Sydney time).

### Notice of variation of Offer

Bidco hereby gives notice under subsection 12.18(a) of the Bidder's Statement and pursuant to sections 650B of the Corporations Act that it varies the Offer by:

- in the case of the:
  - All Cash Consideration, increasing the amount of such consideration to the Increased All Cash Consideration; and
  - Mixed Consideration, increasing cash component of such consideration to reflect the Increased Mixed Consideration,

in each case subject to the Offer terms, and all references to the All Cash Consideration and Mixed Consideration in the Bidder's Statement are amended *mutatis mutandis*; and

- replacing section 12.2(a) of the Bidder's Statement with the following:
  - "(a) Subject to the terms of this Offer, the consideration offered by Bidco for Your Pacific Smiles Shares to which the Offer relates is, at your election:
    - (1) \$1.9825 per Pacific Smiles Share (the "**All Cash Consideration**");
    - (2) 1 Holdco Share per Pacific Smiles Share (the "**All Scrip Consideration**"); or
    - (3) 49.5625 cents cash and 0.75 Holdco Shares per Pacific Smiles Share (the "**Mixed Consideration**")."

### Notice of freed Conditions

In accordance with the Bidder's Statement at section 12.13(h) and subsection 650F(1) of the Corporations Act, as at the date of this notice:

- Bidco declares that the Conditions have been freed and, accordingly, the Offer is no longer subject to the Conditions and is wholly unconditional, as set out in section 12.3 of the Bidder's Statement; and
- Bidco's voting power in Pacific Smiles is 19.98%, comprising 132,314 Pacific Smiles Shares.

### Notice of entitlement to make a fresh election

In accordance with section 650D(2) of the Corporations Act, you may be receiving a copy of this notice even if you have already accepted the Offer (an "**Accepting Shareholder**").

Under section 650B(2) of the Corporations Act, Accepting Shareholders will be entitled to the improvement in the form of consideration that was accepted and will receive the improved consideration when Bidco processes Acceptances and pays the Increased Offer Consideration in accordance with the terms of the Offer.

Accepting Shareholders also have the right to make a fresh election as to the form of consideration to be taken. In accordance with section 651B(1) of the Corporations Act, any new Election must be made by written notice to Bidco and within one month after the Accepting Shareholder receives this notice of their right to make a fresh Election.

If you have any questions about how to make a fresh Election, you should call the Bidco Offer Information Line on 1300 101 297 (for calls made within Australia) or +61 2 9068 1929 (for calls made from outside Australia) from Monday to Friday between 8:30am and 7:00pm (Sydney time).

**ASIC Disclaimer**

A copy of this notice was lodged with ASIC on 11 November 2024. ASIC takes no responsibility for the contents of this Notice.

**Authorisation**

In accordance with paragraph 650D(3)(b) of the Corporations Act (as modified by ASIC Instrument 2023/683), this notice of variation has been approved by a unanimous resolution passed by the directors of Bidco.

**Dated** 11 November 2024

**Signed** on behalf of Bidco by Dr Michael Caristo who is authorised to sign by a resolution of the directors of Bidco.



---

Dr Michael Caristo  
Director  
Beam Dental Bidco Pty Limited