

## ASX ANNOUNCEMENT

13 November 2024

### Trading Update and FY25 Guidance

Pacific Smiles Group Limited (ASX:PSQ) (**Pacific Smiles**) is pleased to provide an update on its trading performance, along with guidance as to Patient Fees and Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**Underlying EBITDA**) for the financial year to 30 June 2025 (**FY25**).

#### Trading Update

Trading as at close of business on 12 November 2024 shows:

- Patient Fees \$115.7m financial year-to-date
- Patient Fees +9.6% YoY<sup>1</sup>
- Patient Fees +8.6% YoY on an equivalent like-for-like trading days basis<sup>2</sup>

Year-to-date trading has been strong, with fee growth underpinned by an uplift in appointment volumes and price. Importantly, this growth has been seen across Pacific Smiles' newer centres (FY2020 to FY2023 cohorts), which continue to show uplift in both patient fees and profitability.

The initiatives underpinning the growth include:

- Pacific Smiles' focus on attracting nib members that can now attend Pacific Smiles branded centres for a gap-free appointment under the new agreement announced on 24 July 2024; and
- Continued investment in marketing technology, improving new patient and treatment plan conversion performance, with further enhancements to be rolled out in the future.

---

<sup>1</sup> No new centres were opened in FY24, therefore total patient fee growth is equivalent to same centre patient fee growth.

<sup>2</sup> Two additional weekdays of trading year-to-date compared to the previous corresponding period.

## **FY25 Guidance**

In light of the trading update, Pacific Smiles provides the following FY25 guidance.

- Patient Fees \$310m to \$318m (+6.2% to 9.0% on FY24)
- Underlying EBITDA \$31.2m to \$34.2m (+10.6% to 21.3% on FY24)

Pacific Smiles' FY25 guidance is underpinned by the following assumptions:

- At the upper end, Pacific Smiles assumes its current growth levers continue to perform throughout the remainder of FY25 and market conditions are unchanged. The lower end of guidance contemplates softening in operating conditions, amidst ongoing cost of living pressures.
- Labour productivity rates remain in line with management expectations in the financial year-to-date. Pacific Smiles targets maintaining current operational efficiency levels to offset the impact of inflation on the cost base, including the absorption of 4.25% award wage increases for most field employees.
- Pacific Smiles intends to open four new centres in FY25, with an expected EBITDA drag of \$0.4m during ramp-up. To date, one new centre is under development and is expected to be opened in the third quarter of FY25. The four new centre openings will be funded entirely from existing cash reserves, requiring no debt to be drawn down.
- Pacific Smiles has made the decision to exit two underperforming centres in the first half of the financial year as part of continued network optimisation. Closure of these underperforming centres is expected to reduce patient fees by \$1.0m for FY25, with no material impact to Underlying EBITDA.
- Underlying EBITDA guidance excludes \$1.2 million of non-recurring IT and cyber initiatives, which are part of Pacific Smiles' broader strategic IT initiatives totalling \$1.5m. These strategic IT initiatives are expected to contribute to improved operating efficiency and leverage once embedded in the business. Adjusting the result for these operating expenditures (as has been done above) highlights the underlying margin expansion that is forecast to be achieved in FY25.
- Pacific Smiles' FY25 net cash position is forecast to improve despite ongoing business reinvestment, supporting growing dividend payments.

The Pacific Smiles Board and CEO look forward to the Annual General Meeting on 20 November, where further background on the short and medium term growth opportunities for the business will be covered.

This announcement was authorised by the Board of Pacific Smiles.

**ENDS**

**For further information, please contact:**

**Investor Relations**

Gary Carroll  
Managing Director and Chief Executive Officer  
P: 02 4930 2000  
E: investor.relations@pacificsmiles.com.au

**Media**

Olivia Brown  
MorrisBrown  
M: +61 409 524 960  
E: olivia@morris-brown.com.au

**Forward-looking statements**

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