

ASX ANNOUNCEMENT

13 November 2024

Pacific Smiles' Board Recommends Shareholders **REJECT** Genesis Capital's Revised Off-market Takeover Bid To **REJECT**, simply **TAKE NO ACTION** in response to the Revised Offer

Highlights

- The Board has consulted with shareholders and has considered Genesis Bidco's Revised Offer carefully and recommends Shareholders **REJECT** the Revised Offer of \$1.95 per Share.
- The Revised Offer remains opportunistically timed and materially below the previous \$2.05 NDC Scheme.
- **SIX** out of the **EIGHT** reasons to reject the Offer in Pacific Smiles' original Target's Statement released to the ASX on 11 October 2024 still apply.
- The trading update released today demonstrates continued growth momentum in the business; FY25 guidance release of Patient Fees of \$310m to \$318m and Underlying EBITDA of \$31.2m to \$34.2m.¹
- Shareholders who accept the Revised Offer cannot withdraw, including in the event of a superior proposal.
- Accordingly, Shareholders who wish to **REJECT** the Revised Offer should **TAKE NO ACTION**.

On Monday 11 November 2024, Beam Dental Bidco Pty Ltd (ACN 676 303 254) (**Genesis Bidco**), an associate of Genesis Capital Manager I Pty Ltd (ACN 634 339 576) (**Genesis Capital**), released its first supplementary bidder's statement (**Supplementary Bidder's Statement**) which discloses variations to its off-market takeover bid for all of the fully paid ordinary shares in Pacific Smiles Group Limited (ACN 103 087 449) (ASX:PSQ) (**Pacific Smiles**) on the terms set out in its replacement bidder's statement dated 1 October 2024 (**Offer**).²

¹ Excludes \$1.2m of non-recurring IT and cyber initiatives. Refer to Pacific Smiles' Trading Update and FY25 Guidance announcement today for the key assumptions.

² Capitalised terms used in this announcement have the meaning given in the Target's Statement released to the ASX on 11 October 2024.

The Supplementary Bidder's Statement provides that:

- Genesis Bidco has increased the All Cash Consideration to \$1.9825 (resulting in payment of **\$1.95 per Pacific Smiles Share** on issue at the time the Declared Dividend of 3.25 cents was paid on 10 October 2024), with a proportional increase to the cash component of the Mixed Consideration (**Revised Offer**);
- the Revised Offer is Genesis Bidco's best and final offer price and will not be increased in the absence of an alternative or competing proposal; and
- the Revised Offer is unconditional.

The Pacific Smiles Board has consulted with shareholders and carefully considered these developments and continues to **unanimously recommend** that Pacific Smiles Shareholders **REJECT** the Offer from Genesis Bidco and **TAKE NO ACTION**.

The reasons for the Board's recommendation are set out in Pacific Smiles' second supplementary target's statement which, in accordance with subsection 647(3)(b)(ii) of the *Corporations Act 2001* (Cth) (as inserted by *ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688*), is enclosed in this announcement (**Second Supplementary Target's Statement**). A copy of the Second Supplementary Target's Statement was today served on Genesis Bidco and lodged with the Australian Securities and Investments Commission.

Trading Update and FY25 Guidance

Pacific Smiles has today released a trading update with patient fee growth of 8.6% year-to-date on an equivalent like-for-like basis versus the prior year.

Pacific Smiles has also provided guidance for FY25 of \$310m to \$318m Patient Fees (growth of +6.2% to 9.0% on FY24) and Underlying EBITDA³ of \$31.2m to \$34.2m (growth of +10.6% to 21.3% on FY24).

In FY25, Pacific Smiles intends to restart organic growth by opening 4 new centres, all funded via existing cash on balance sheet. The Board encourages Shareholders to review its Trading Update and FY25 Guidance announcement in detail ahead of the Annual General Meeting on 20 November 2024.

Strategy Update

Gary Carroll commenced as CEO and Managing Director on 14 October 2024. Since then, he has spent significant time visiting centres across the East Coast, as well as spending time with our centralised support office and leadership team at our head office.

³ Excludes \$1.2m of non-recurring IT and cyber initiatives. Refer to Pacific Smiles' Trading Update and FY25 Guidance announcement today for the key assumptions.

Mr Carroll commented, "Pacific Smiles has solid foundations and I am focused on unlocking its full potential. I have observed during my time here the strength of its operations and service-led culture that exists across the network. I am excited to put our practitioners, clinic and support teams at the core of our strategy. With a refreshed strategy in place, and a relentless focus on execution, we will be well positioned to leverage our footprint and technology platforms to help our practitioners and team increase their skills to drive higher value for themselves and our patients."

There are a number of significant short to medium-term opportunities in areas such as practitioner and team training and development to build higher value dentistry, leveraging existing technology to optimise practitioner and team productivity and combining customer segmentation and technology to increase patient bookings.

Reasons for Rejection

In forming its position, the Board has carefully considered a number of relevant commercial and strategic factors, including the reasons it rejected Genesis Bidco's initial off-market takeover Offer, as announced in its Target's Statement on 11 October 2024.

The Board notes that out of the **EIGHT** reasons set out in the Target's Statement, **SIX** of these still remain valid:

Reason	Remains valid?
2. The Revised Offer is materially below the previous \$2.05 NDC Scheme.	✓
4. The Revised Offer is opportunistically timed, when changes to the Board and management were underway.	✓
5. Pacific Smiles is a leading dental service organisation that has delivered consistent double-digit growth.	✓
6. Pacific Smiles' net cash position makes it well placed to invest in identified growth opportunities, and/or return capital to Shareholders, including via enhanced dividends.	✓
7. If you accept the Revised Offer, you will be unable to accept an alternative proposal if one emerges.	✓
8. The reasons given by Genesis Bidco to accept the Revised Offer are not compelling and omit key information the Board considers relevant to Shareholders' assessment of the Offer.	✓

The Target's Statement identified a number of reasons indicated by Genesis Bidco in its Bidder's Statement that were not compelling or omitted key information the Board considers relevant to Shareholders' assessment of the Offer. Upon review of Genesis Capital's Supplementary Bidder's Statement, the Board has made several additional observations that are set out in Annexure A.

The Board remains focused on delivering value for Shareholders and maintains its position that it will only recommend a transaction that is in the best interest of Shareholders as a whole.

Greenhill & Co. is acting as financial adviser to Pacific Smiles. Gilbert + Tobin is acting as legal adviser to Pacific Smiles.

This announcement was authorised by the Board of Pacific Smiles.

ENDS

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Forward-looking statements

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

Annexure A

Genesis Bidco’s Reason to Accept	Pacific Smiles’ Observation
<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"> • The Board reminds Shareholders that the All Cash Consideration is also materially lower than the \$2.05 per Share offered under the NDC Scheme which would have passed had Genesis Capital not voted against it.
<p>“There is uncertainty over the future performance of the Pacific Smiles business in the current listed environment.”</p>	<ul style="list-style-type: none"> • Pacific Smiles reiterates that, notwithstanding the recent corporate distraction the business has faced since December 2023, Pacific Smiles has continued to deliver growth, including FY24 Revenue improvement of 8.7% and Underlying EBITDA improvement of 16.9%. • In the trading update released today, Pacific Smiles has strong growth momentum with Patient Fees 8.6% higher on an equivalent like-for-like trading day basis.⁴ • The Board also considers there are numerous benefits to Shareholders in retaining Shares in Pacific Smiles as a listed entity, including liquidity. • The Board of Pacific Smiles continues to view unlisted equity as highly unattractive relative to listed Pacific Smiles shares for the reasons set out in the Target’s Statement. The Directors encourage all shareholders to review in detail the implications of taking Holdco Shares including the disclaimers that Genesis Bidco has made in its own materials.
<p>“Should Bidco gain control of the Pacific Smiles business it intends to consider changes to benefit dentists, patients, employees and shareholders”</p>	<ul style="list-style-type: none"> • Genesis Bidco has removed without explanation reference to its “Practitioner Incentive Scheme” under the scenario it acquires a relevant Interest in 90% or more of Pacific Smiles Shares. • Genesis has been inconsistent on its inclusion, including it in its 29 July 2024 non-binding offer, excluding it in its 17 September 2024 off-market takeover, including it in its 1 October 2024 replacement bidder’s statement, and excluding it in its 11 November 2024 Revised Offer. • From the Board’s view it is not clear that Genesis Bidco has intent to deliver this.

⁴ Two additional weekdays of trading year-to-date compared to the previous corresponding period.

“Pacific Smiles has failed to deliver clinic EBITDA growth over the past two halves...”

“Pacific Smiles has not released FY25 guidance.”

- The Board believes the periods selected by Genesis Capital are intentionally selective in assessing performance.
- At the centre-level, Pacific Smiles grew EBITDA by 9.6% from FY24 to FY23, and 43.3% from FY23 to FY22.
- Pacific Smiles has released guidance today for FY25, with Underlying EBITDA growth of 10.6% to 21.3% on FY24.
- This is normal timing for Pacific Smiles’ guidance release.

“Pacific Smiles has experienced significant board and management instability, having had 4 CEOs and 2 Chairs in the last 14 months.”

- Pacific Smiles has recently transitioned through a change in Chairman which is entirely normal. The previous Chairman had been on the Board since 2017 and Chairman since February 2020, demonstrating stability.
- Pacific Smiles has not had four CEOs in the last 14 months, as Mr Paul Robertson was appointed Interim CEO while a successor was found, which is normal course transition.
- Mr Andrew Vidler’s tenure was significantly disrupted by Genesis Capital’s non-binding indicative offer in December 2023 and resulting events, and Mr Gary Carroll has been appointed into the role.

“The Offer provides Eligible Pacific Smiles Shareholders with an opportunity to retain an indirect exposure to Pacific Smiles alongside an experienced healthcare investor.”

- The Board of Pacific Smiles continue to view unlisted equity as highly unattractive relative to listed Pacific Smiles shares for the reasons set out in the Target’s Statement.
- Holdco Shareholders will be exposed to its funding structure, including a new \$160m bridge financing loan with an interest rate margin of 7.5% - 9.5% on the Australian Bank Bill Swap Reference Rate (4.4% today, implying a total interest rate range of 11.9% - 13.9%). This interest rate is above that of the Debt Facility previously disclosed which has a margin of 5.0% to 6.0%. At the maximum drawn value, this interest rate increase would cost Holdco Shareholders \$4.8 million per annum⁵. Further, the bridge loan must be repaid within 9 months and can only be drawn in a scenario where Bidco, Genesis Capital and its associates have an interest in at least 50.1% of Pacific Smiles Shares. The Debt Facility (which may be relied on to refinance the bridge loan) has conditions that must be satisfied by 17 December 2024, which may not occur.

⁵ Equal to the interest rate margin difference of 3% at the midpoint, multiplied by the total available bridge financing of \$160m.

Second Supplementary Target's Statement

Pacific Smiles Group Limited (ABN 42 103 087 449)

1 IMPORTANT NOTICE

This document is a supplementary target's statement under section 644(1) of the *Corporations Act 2001* (Cth). It is the second supplementary target's statement (Second **Supplementary Target's Statement**) issued by Pacific Smiles Group Limited (**Pacific Smiles**) in response to the off-market takeover bid made by Beam Dental Bidco Pty Ltd (ACN 676 303 254) (**Genesis Bidco**) for all of the fully paid ordinary shares in Pacific Smiles on the terms set out in its replacement bidder's statement dated 1 October 2024 (**Offer**).

This Second Supplementary Target's Statement supplements, and should be read together with, Pacific Smiles' Target's Statement dated 11 October 2024 (**Original Target's Statement**) and Pacific Smiles' Supplementary Target's Statement dated 16 October 2024.

Capitalised terms in this Second Supplementary Target's Statement have the same meaning given in the Original Target's Statement, unless the context otherwise requires.

A copy of this Second Supplementary Target's Statement was lodged with ASIC on 13 November 2024. Neither ASIC nor any of its officers take any responsibility for its contents.

A copy of this Second Supplementary Target's Statement will be available on the ASX website (www.asx.com).

2 UPDATES TO THE OFFER

On 11 November 2024, Genesis Bidco released its first supplementary bidder's statement (**Supplementary Bidder's Statement**) detailing that:

- the All Cash Consideration had been increased to \$1.9825 per Pacific Smiles Share (resulting in payment of \$1.95 per Pacific Smiles Share on issue at the time the Declared Dividend of 3.25 cents was paid on 10 October 2024), with a proportional increase to the cash component of the Mixed Consideration;
- there was no change to the terms of the All Scrip Consideration;
- the revised Offer price had been declared best and final, such that it will not be increased, in the absence of an alternative or competing proposal; and
- the Offer had been declared unconditional.

On 11 November 2024, Pacific Smiles announced that it was carefully considering these developments and would provide its formal response in due course. This Second Supplementary Target's Statement sets out the Board's formal response to Genesis Bidco's Supplementary Bidder's Statement.

As at the close of trading on 12 November 2024, Genesis Bidco also announced that it has:

- a Relevant Interest in approximately 19.98% of Pacific Smiles Shares (representing 31,882,134 Pacific Smiles Shares) (which includes only 0.08% in Acceptances (representing 132,134 Pacific Smiles Shares)); and

- there are no current Acceptance Instructions under the Institutional Acceptance Facility.¹

3 DIRECTORS' RECOMMENDATION

Having carefully considered the Supplementary Bidder's Statement, in consultation with its financial and legal advisers and Shareholders, and taking into account all relevant considerations, the Pacific Smiles Board continues to unanimously recommend that Pacific Smiles Shareholders **REJECT** the Offer and **TAKE NO ACTION** in relation to any correspondence from Genesis Bidco or Genesis Capital.

In the Original Target's Statement, the Board noted **EIGHT** key reasons for its recommendation that Shareholders **REJECT** the Offer. The Board notes that, out of those eight reasons, **SIX** still remain valid.

Further details regarding each of these reasons is set out in Section 1.3 of the Original Target's Statement, subject to the updates which are noted in the table below, and the Directors encourage Shareholders to consider the risks set out in Section 8 of the Original Target's Statement, as well as the risks disclosed in the Supplementary Bidder's Statement.

The Directors' recommendation is provided as at the date of this Second Supplementary Target's Statement, and the Directors reserve the right to change their recommendation if circumstances change.

Reasons to REJECT the Offer
<p>1. The Offer is materially below the previous \$2.05 NDC Scheme.</p> <p>While Genesis Bidco describes the increase to the Offer price as "meaningful", the All Cash Consideration of \$1.9825 (resulting in payment of \$1.95 per Pacific Smiles Share on issue at the time the Declared Dividend of 3.25 cents was paid on 10 October 2024) remains materially below the \$2.05 cash consideration per Share available under the previous NDC Scheme (which Genesis Capital, in effect, prevented Shareholders from accessing).</p> <p>Genesis Bidco has also declared the Offer price best and final, such that the Offer price will not be increased, in the absence of an alternative or competing proposal.</p>
<p>2. The Offer is opportunistically timed, when changes to the Board and management were underway.</p> <p>Since releasing the Original Target's Statement, Pacific Smiles has announced the appointment of a new Managing Director and CEO, Gary Carroll, who commenced on 14 October 2024. Mr Carroll is a highly experienced ASX-listed CEO, and, as announced previously, has been preparing to update Shareholders on his preliminary observations at the annual general meeting which is scheduled to be held on Wednesday, 20 November 2024.</p>
<p>3. Pacific Smiles is a leading dental service organisation that has delivered consistent double-digit growth.</p> <p>Genesis Bidco's reasons provided in its Supplementary Bidder's Statement regarding the performance of Pacific Smiles fail to acknowledge the FY25 trading update which was released to ASX on 28 August 2024 which reported an increase in patient fees. The growth in patient fees</p>

¹ Refer to ASX announcement titled 'Notice of Acceptance Instructions under the IAF' dated 12 November 2024.

Reasons to REJECT the Offer

has continued throughout FY25 as demonstrated in the further trading update released on the date of this Second Supplementary Target's Statement.

Pacific Smiles has reported that, as at close of business on 12 November 2024, Pacific Smiles has achieved:

- \$115.7 million in patient fees for the financial year-to-date;
- an increase of 9.6% in patient fees YoY;² and
- an increase of 8.6% in patient fees YoY on an equivalent like-for-like trading days basis.³

The Board is particularly pleased with the performance of the newer centres (FY2020 to FY2023 cohorts) which continue to show uplift in both patient fees and profitability.

Pacific Smiles has also released the following FY25 guidance:⁴

- Patient fees \$310 million to \$318 million (+6.2% to 9.0% on FY24); and
- Underlying EBITDA \$31.2 million to \$34.2 million (+10.6% to 21.3% on FY24).

The FY25 guidance demonstrates the momentum in the business and the conversion of top-line Patient Fees growth to Underlying EBITDA, benefiting from leveraging operational upside as the business fills its capacity.

In FY25 the Board has also approved the restart of organic growth, targeting 4 centre openings which will be funded by existing cash reserves.

Guidance assumption details are set out in the Trading Update and FY25 Guidance announcement released to the ASX on 13 November 2024 and excludes non-recurring IT spend of \$1.2m relating to IT and cyber initiatives.

4. Pacific Smiles' net cash position makes it well placed to invest in identified growth opportunities, and/or return capital to Shareholders, including via enhanced dividends.

If you accept the Cash Offer, you will lose the potential upside associated with your continued investment in Pacific Smiles Shares. Further, if you accept the Scrip Offer, your exposure to this potential upside may be reduced.

As set out in Pacific Smiles' trading update released on the date of this Second Supplementary Target's Statement, Pacific Smiles' FY25 net cash position is forecast to improve despite ongoing business reinvestment, supporting growing dividend payments.

Genesis Bidco acknowledges in its Bidder's Statement that Holdco does not expect to be in a position to pay dividends to Holdco Shareholders in the short-term. Further, Genesis Bidco stated in its Supplementary Bidder's Statement that, in the event that it does not acquire 100% of Pacific Smiles Shares, it will be reliant on dividends received from Pacific Smiles (among other things)

² No new centres were opened in FY24, therefore total patient fee growth is equivalent to same centre patient fee growth.

³ There has been two additional weekdays of trading YTD compared to the previous corresponding period.

⁴ Assumptions are set out in the announcement titled 'Trading Update and FY25 Guidance' dated 13 November 2024.

Reasons to REJECT the Offer

to meet its interest obligations under its term loan note facility in the absence of additional fundraising.

In the event that the number of Shares that Genesis Bidco and its Associates have a Relevant Interest in, when aggregated with the Shares the subject of IAF Instructions, does not exceed 80% of Pacific Smiles Shares on issue, the 31,750,000 Pacific Smiles Shares held by Genesis Fund and GFT2 (representing 19.9% of Pacific Smiles Shares on issue) will not be transferred to Bidco through the Offer and Pacific Smiles Holdco Shareholders will not have any economic exposure to dividends or other distributions paid by Pacific Smiles in respect of those Shares.

5. If you accept the Offer, you may be unable to accept an alternative proposal if one emerges.

Since Genesis Bidco has declared the Offer unconditional, **you will not be able to withdraw your Acceptance**, and will not be able to accept any superior proposal that may emerge.

Genesis Bidco notes in its Supplementary Bidder’s Statement that it considers it unlikely any alternative proposal for Pacific Smiles will emerge due to Genesis Bidco’s Voting Power which “means that there is no pathway to compulsory acquisition without the cooperation of Genesis Bidco and its Associates”. Pacific Smiles wishes to reiterate to Shareholders that the 90% compulsory acquisition threshold is not required for all control transaction structures, or alternative proposals for Pacific Smiles and its business which may provide value to Shareholders.

The Board also notes that Genesis Bidco’s Voting Power did not previously prevent the cash offer of \$2.05 under the NDC Scheme from arising, and an alternative proposal from a third party may still arise although there is no guarantee that this will eventuate.

6. The reasons given by Genesis Bidco to accept the Offer are not compelling and omit key information the Board considers relevant to Shareholders’ assessment of the Offer.

The Pacific Smiles Board repeats its assessment of Genesis Bidco’s reasons to accept the Offer as set out in section 1.3 in the Original Target’s Statement. Additionally, upon review of the Supplementary Bidder’s Statement, the Board has made a number of additional observations on certain statements made by Genesis Bidco, which the Board considers to be inaccurate, as set out below.

Genesis Bidco’s Reason to Accept	Pacific Smiles’ Observation
<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"> The Board reminds Shareholders that the All Cash Consideration is also <u>materially lower</u> than the \$2.05 per Share offered under the NDC Scheme which would have passed had Genesis Capital not voted against it.
<p>“There is uncertainty over the future performance of the Pacific Smiles business in the current listed environment.”</p>	<ul style="list-style-type: none"> Pacific Smiles reiterates that, notwithstanding the recent corporate distraction the business has faced since December 2023, Pacific Smiles has continued to deliver growth, including FY24 Revenue improvement of 8.7% and Underlying EBITDA improvement of 16.9%.

Reasons to REJECT the Offer

	<ul style="list-style-type: none">• In the trading update released today, Pacific Smiles has strong growth momentum with Patient Fees 8.6% higher on an equivalent like-for-like trading day basis.⁵• The Board also considers there are numerous benefits to Shareholders in retaining Shares in Pacific Smiles as a listed entity, including liquidity.• The Board of Pacific Smiles continues to view unlisted equity as highly unattractive relative to listed Pacific Smiles shares for the reasons set out in the Target's Statement. The Directors encourage all shareholders to review in detail the implications of taking Holdco Shares including the disclaimers that Genesis Bidco has made in its own materials.
<p>“Should Bidco gain control of the Pacific Smiles business it intends to consider changes to benefit dentists, patients, employees and shareholders”</p>	<ul style="list-style-type: none">• Genesis Bidco has removed without explanation reference to its “Practitioner Incentive Scheme” under the scenario it acquires a relevant interest in 90% or more of Pacific Smiles Shares.• Genesis has been inconsistent on this, including it in its 29 July 2024 non-binding offer, excluding it in its 17 September 2024 off-market takeover, including it in its 1 October 2024 replacement bidder's statement, and excluding it in its 11 November 2024 Revised Offer.• From the Board's view it is not clear that Genesis Bidco has intent to deliver this.
<p>“Pacific Smiles has failed to deliver clinic EBITDA growth over the past two halves...”</p> <p>“Pacific Smiles has not released FY25 guidance.”</p>	<ul style="list-style-type: none">• The Board believes the periods selected by Genesis Capital are intentionally selective in assessing performance.• At the centre-level, Pacific Smiles grew EBITDA by 9.6% from FY24 to FY23, and 43.3% from FY23 to FY22.• Pacific Smiles has released guidance today for FY25, with Underlying EBITDA growth of 10.6% to 21.3% on FY24.• This is normal timing for Pacific Smiles' guidance release.
<p>“Pacific Smiles has experienced significant board and management instability, having had 4 CEOs and 2 Chairs in the last 14 months.”</p>	<ul style="list-style-type: none">• Pacific Smiles has recently transitioned through a change in Chairman which is entirely normal. The previous Chairman had been on the Board since 2017 and Chairman since February 2020, demonstrating stability.• Pacific Smiles has not had four CEOs in the last 14 months, as Mr Paul Robertson was appointed Interim CEO while a successor was found, which is normal course transition.• Mr Andrew Vidler's tenure was significantly disrupted by Genesis Capital's non-binding indicative offer in December 2023 and resulting events, and Mr Gary Carroll has been appointed into the role.

⁵ Two additional weekdays of trading year-to-date compared to the previous corresponding period.

Reasons to REJECT the Offer

“The Offer provides Eligible Pacific Smiles Shareholders with an opportunity to retain an indirect exposure to Pacific Smiles alongside an experienced healthcare investor.”

- The Board of Pacific Smiles continues to view unlisted equity as highly unattractive relative to listed Pacific Smiles shares for the reasons set out in the Target’s Statement.
- Genesis Holdco Shareholders will be exposed to its funding structure, including a new \$160m bridge financing loan with an interest rate margin of 7.5% - 9.5% on the Australian Bank Bill Swap Reference Rate (4.4% today, implying a total interest rate range of 11.9% - 13.9%).

In addition to the Genesis Holdco funding structure covered in the Target’s Statement, a new \$160 million bridge financing loan with an interest rate margin of 7.5% - 9.5% on the Australian Bank Bill Swap Reference Rate (4.4% today, implying a total interest rate range of 11.9% - 13.9%) will be used to finance the unconditional deal. This interest rate is above that on the Debt Facility previously disclosed which has a margin of 5.0% to 6.0%. At the maximum drawn value, this interest rate increase would cost Holdco Shareholders \$4.8 million⁶ per annum. Further, the bridge loan must be repaid within 9 months and can only be drawn in a scenario where Bidco, Genesis Capital and its associates have an interest in at least 50.1% of Pacific Smiles Shares. The Debt Facility (which may be relied on to refinance the bridge loan) has conditions that must be satisfied by 17 December 2024, which may not occur.

The Board is focused on delivering value for shareholders as a whole and has been working hard to refresh and refocus the business to do this. The Directors encourage Shareholders to consider the attractiveness of Pacific Smiles as a listed-ASX business continuing the momentum that has been recently demonstrated.

4 STATUS OF THE OFFER

As at the close of trading on 12 November 2024, Genesis Bidco has disclosed that:

- (a) it has a Relevant Interest in approximately 19.98% of Pacific Smiles Shares (representing 31,882,134 Pacific Smiles Shares) (this includes only 0.08% in Acceptances (representing 132,134 Pacific Smiles Shares)); and
- (b) there are no current Acceptance Instructions under the Institutional Acceptance Facility.

Genesis Bidco will not have a Relevant Interest in any Pacific Smiles Shares the subject of Acceptance Instructions, and any Shares the subject of those Acceptance Instructions will not be accepted into the Offer, until the number of Shares that Genesis Bidco and its Associates have a Relevant Interest in (when aggregated with those Shares the subject of Acceptance Instructions), exceeds 80% of Pacific Smiles Shares on issue.

The Offer is currently scheduled to close at 7:00pm (Sydney time) on 29 November 2024, unless extended in accordance with the Corporations Act.

5 FURTHER INFORMATION

If you have any questions in relation to the Offer or this Second Supplementary Target’s Statement, please contact the Pacific Smiles Shareholder Information Line on 1300 367 804 (callers within Australia) or +61 2 9066 6162 (callers outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday (excluding public holidays).

⁶ Equal to the interest rate margin difference of 3% at the midpoint, multiplied by the total available bridge financing of \$160m

6 CONSENTS

Each of the Directors have given and not withdrawn their consent to:

- (a) be named in this Second Supplementary Target's Statement in the form and context in which they are named; and
- (b) statements attributable to them being included in this Second Supplementary Target's Statement in the form and context in which they appear.

7 APPROVAL OF SECOND SUPPLEMENTARY TARGET'S STATEMENT

This Second Supplementary Target's Statement has been approved by a resolution passed by the Directors of Pacific Smiles.

Date: 13 November 2024

Signed for and on behalf of Pacific Smiles Group Limited



Giselle Collins

Non-Executive Chairman
Pacific Smiles Group Limited