

ASX ANNOUNCEMENT

22 November 2024

Update on the Pacific Smiles Board's Recommendation in Relation to Genesis Bidco's Offer

The Pacific Smiles Board has continued to engage with Shareholders in relation to the unconditional off-market takeover bid made by Beam Dental Bidco Pty Ltd (ACN 676 303 254) (**Genesis Bidco**), an associate of Genesis Capital Manager I Pty Limited (ACN 634 339 576) (**Genesis Capital**), for all of the fully paid ordinary Shares in Pacific Smiles Group Limited (ACN 103 087 449) (ASX: PSQ) (**Pacific Smiles**).¹

Multiple Shareholders with aggregate Voting Power of approximately 12% in Pacific Smiles have now indicated to the Board that they are either supportive of Genesis Bidco's strategy as outlined in the Bidder's Statement (including as to composition of the Board) or intend to accept the Offer imminently. Additionally, on 22 November 2024, Genesis Bidco disclosed that it has Voting Power of 32.93% in Pacific Smiles.²

On this basis, the Pacific Smiles Board considers that Genesis Bidco likely has, or will have, sufficient Voting Power and support to control the outcome of ordinary resolutions (which require 50% of Shares voted at the relevant meeting) and therefore now has the ability to obtain effective control of Pacific Smiles.

Board's Updated Recommendation

Your Board has carefully considered the implications of this development and determined that, in its view, the risks associated with continuing to hold Pacific Smiles Shares now outweigh the advantages. Accordingly, the Pacific Smiles Directors now unanimously recommend, in the absence of a superior proposal emerging, that Pacific Smiles Shareholders **ACCEPT THE CASH OFFER**.

The reasons for the Directors' revised recommendation are:

1. in light of Genesis Bidco's Voting Power of approximately 32.93% in Pacific Smiles and Shareholder support for Genesis Bidco's strategy or the Offer (see above), Genesis Bidco now has the ability to obtain effective control of Pacific Smiles;
2. if Genesis Bidco obtains control, you will be a minority Shareholder in a Genesis Bidco controlled Pacific Smiles if you do not accept the Offer;
3. no superior proposal has emerged at the date of this announcement, and a superior proposal is unlikely to emerge before the end of the Offer Period;

¹ Capitalised terms used in this announcement have the meaning given in the Target's Statement released to the ASX on 11 October 2024.

² As set out in the notice of status of defeating conditions lodged with the ASX on 22 November 2024..

4. the Cash Offer provides certainty of value for your Pacific Smiles Shares as the Offer is now unconditional;
5. the Offer price is best and final and will not be increased, in the absence of an alternative or competing proposal; and
6. the price of Pacific Smiles Shares may fall after the Offer closes and Shareholders may face a lack of liquidity.

Notwithstanding the Board's recommendation, Shareholders are not required to accept the Offer and may see future upside in retaining exposure to Pacific Smiles Shares. In determining whether to accept the Offer, Shareholders should be mindful of the following potential benefits and risks of retaining their Shares:

| Potential benefits of retaining Pacific Smiles Shares | Potential risks of retaining Pacific Smiles Shares |
|---|---|
| <ul style="list-style-type: none"> • Retain exposure to potential future upside in Pacific Smiles from recent operating momentum and medium-term growth opportunities. • Retain exposure to any future dividends that may be paid. • Opportunity to invest alongside Genesis Capital as an experienced healthcare manager. • Retain opportunity to accept a superior proposal should it emerge (including following the Offer closing). | <ul style="list-style-type: none"> • Upon obtaining effective control, Genesis Bidco will be able to control the Board, strategic decisions and the dividend policy. • Genesis Bidco may enact a strategy different to the current Pacific Smiles Board. • There is likely to be limited liquidity in Pacific Smiles Shares. • There is risk that the Share price falls following the Offer closing. • Genesis Bidco will be able to change Pacific Smiles' constitution and may become entitled to apply for Pacific Smiles to be delisted if it has a Relevant Interest in 75% or more of Pacific Smiles Shares.³ |

Shareholders who decide not to accept the Offer should continue to monitor Genesis Bidco's Relevant Interest in Pacific Smiles Shares, noting that Genesis Bidco's intentions with respect to Pacific Smiles differ in various scenarios based on the extent of its Relevant Interest, as set out in sections 3 to 6 of its supplementary bidder's statement dated 11 November 2024.

Further details will be set out in a supplementary target's statement, which will be released in due course. In assessing whether or not to accept the Cash Offer, the Board encourages Shareholders to consider the further disclosures contained in that supplementary target's statement, including in relation to the Board's reasons for its updated recommendation.

³ See Section 4.16(a) of the Original Target's Statement.

Shareholders should also consider the risks associated with accepting the Cash Offer disclosed in section 8.2 of Pacific Smiles' Original Target's Statement and obtain advice from their professional advisers with respect to their personal circumstances.

Scrip Offer

The Directors only make a recommendation in respect of the Cash Offer and make no recommendation in relation to the Scrip Offer due to:

- the speculative nature of Holdco Shares; and
- the fact that whether Holdco Shares are appropriate will depend significantly on each Shareholder's individual circumstances, financial situation, taxation position, investment objectives and risk profile.

Sections 1.4, 7.3 and 8.3 of the Original Target's Statement provide further information in relation to the risks associated with the Scrip Offer and Holdco Shares.

Next Steps

The Pacific Smiles Board encourages Shareholders to carefully consider their personal circumstances and review Pacific Smiles' supplementary target's statement, which will be released in due course.

The Board's unanimous recommendation, in the absence of a superior proposal emerging, is that Shareholders **ACCEPT THE CASH OFFER**.

The Offer is currently scheduled to close at **7.00pm (Sydney time) on Friday, 29 November 2024**.

Genesis Bidco has announced that it will not extend the Offer further unless, on or before that date, it has at least 50% Voting Power in Pacific Smiles, or an alternative or competing proposal emerges. In either scenario, Genesis Bidco reserves the right to extend the Offer or to let it close.⁴

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.

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⁴ The Offer Period will also be automatically extended if, in the last seven days of the Offer Period, Genesis Bidco's Voting Power in Pacific Smiles increases to more than 50%.

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).