PACIFIC SMILES GROUP

FY23 Result

24 August 2023

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Pacific Smiles considers that this non-IFRS financial information is important to assist in evaluating Pacific Smiles' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendices of this presentation.

All dollar values are in Australian dollars (A$) unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

See page 35 for a glossary of the key terms used in this presentation.

Acknowledgement of Country

Pacific Smiles Group would like to acknowledge the Traditional Owners of Country throughout Australia and recognises their continuing connection to lands, waters and communities.

Pacific Smiles Group pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past, present, and emerging.

Phil McKenzie
Chief Executive Officer /
Managing Director

Matthew Cordingley
Chief Financial Officer

Agenda

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FY23 Result Overview

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Sector Tailwinds & Growth Strategy

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1. FY23 Result Overview

FY23 Key Highlights

PACIFIC SMILES HAS EMERGED FROM A DIFFICULT PERIOD IN A POSITION OF STRENGTH

Strong Top Line Growth

Patient Fees +19.5% YoY

Pacific Smiles is seeing **growth across all centre cohorts**

16.1% increase in appointment volumes on pcp

Greater Operating Efficiency

Labour productivity

Material improvement in **labour productivity**

Cancellation rates have reduced and are now close to pre-pandemic levels

Improving Utilisation

Centre maturation

All cohorts are now well **ahead of FY20 levels**

Key focus on **increasing utilisation** of our in-situ assets

Expanded Profitability

EBITDA to patient fees margin 8.9%

Strong **revenue growth**, the return of in-centre **labour efficiency** to pre-pandemic levels, and continued **cohort performance improvement** have materially benefited earnings

Significant Deleveraging

Net Cash $9.6m

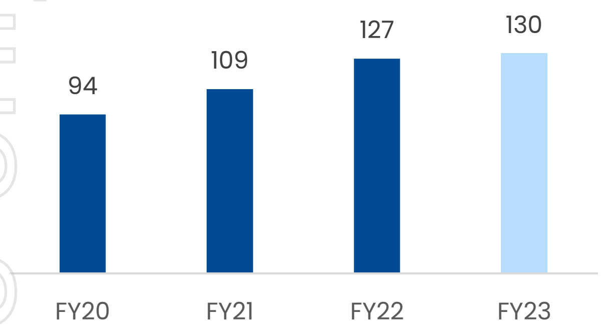
Strong financial performance has allowed for both the **resumption of dividend payments and significant debt repayment**, leaving Pacific Smiles in a Net Cash position

FY23 Operational Highlights

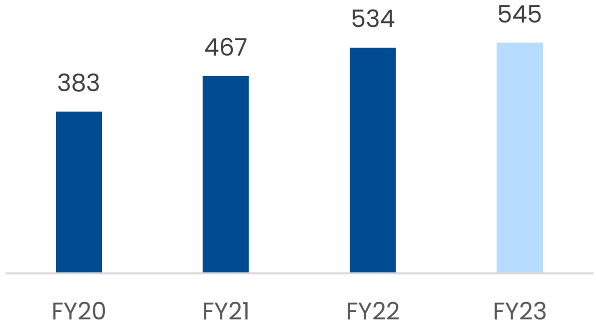
PACIFIC SMILES GROUP

KEY OPERATIONAL METRICS CONTINUE TO TREND POSITIVELY, POST PANDEMIC-AFFECTED PERIOD

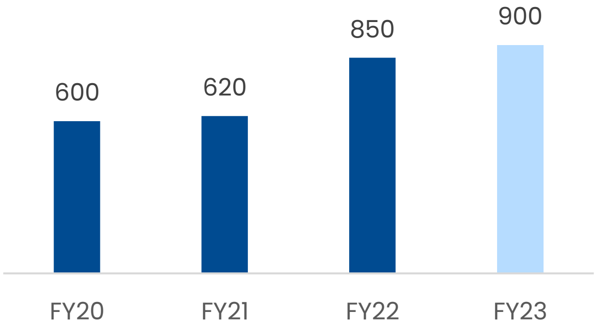
Dental Centres[1] – up 2.4% YoY



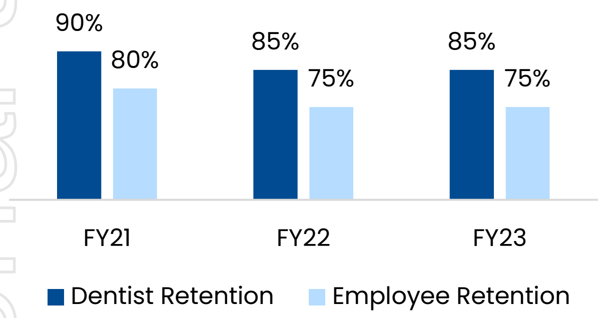
Dental Chairs[2] – 11 new (net)



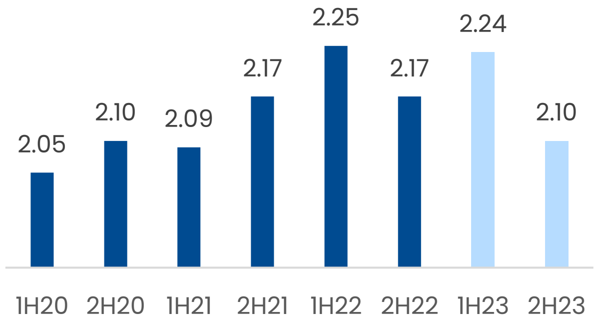
Number of Dentists[3] (min)



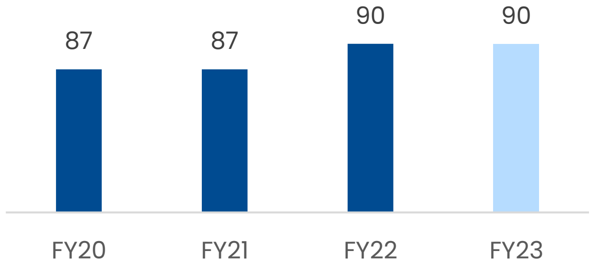
Dentist & Employee Retention



Staff to Practitioner Ratio at pre-pandemic levels



Patient Net Promoter Score

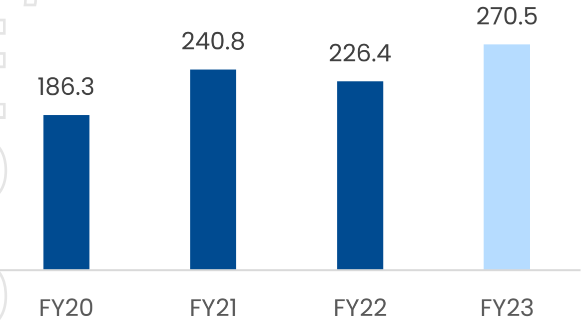


1. PSD and NIB Chatswood merged into one site in FY23, reducing the total increase in centres to 3
2. Excluding HBF Dental (and Parramatta Uni in FY23) and including a net chair reduction of 2 with the consolidation of Chatswood
3. Number of dentists as at 30 June 2023, includes 62 HBF Dental dentists

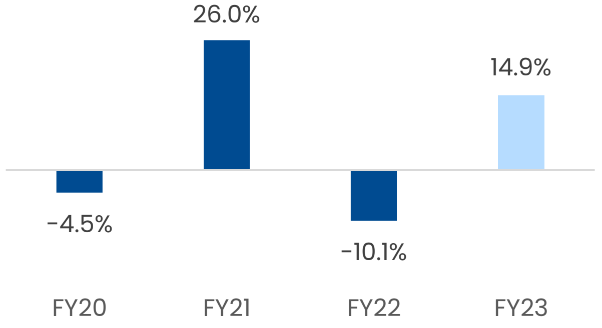
FY23 Financial Highlights

PSQ HAS RETURNED TO STRONG GROWTH WITH A SOLID CAPITAL POSITION AND RESUMPTION OF DIVIDENDS

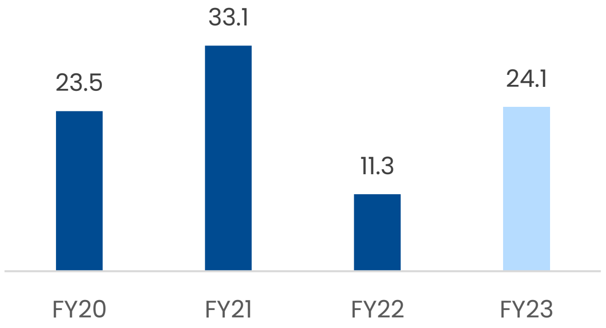
Patient Fees ($m) – up 19.5% YoY



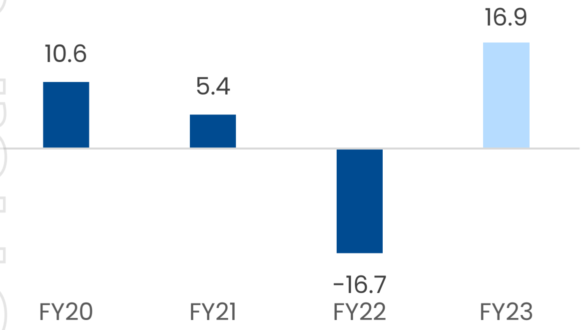
Same Centre Patient Fee Growth – positive



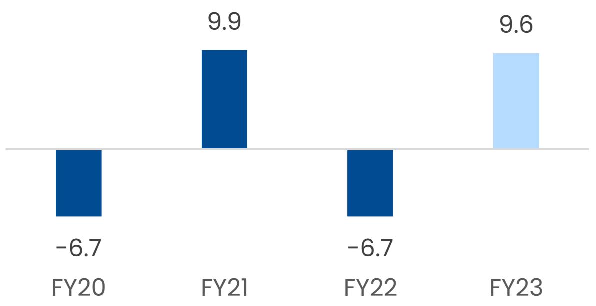
Underlying EBITDA ($m) – up 113.3% YoY



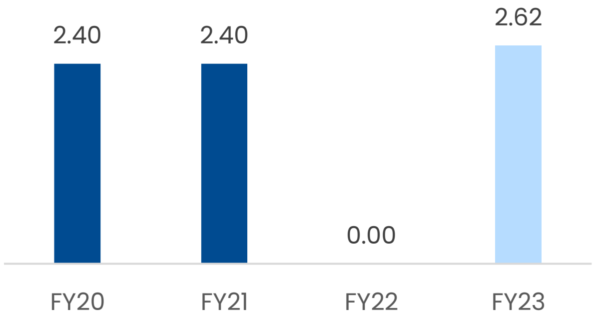
Free Cash Flow ($m) – return to positive



Net (Debt)/Cash ($m) – strong balance sheet



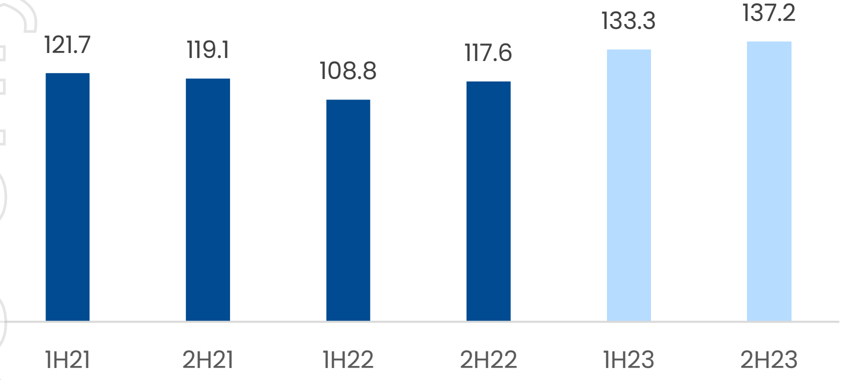
Dividend (cps) – return to distributions



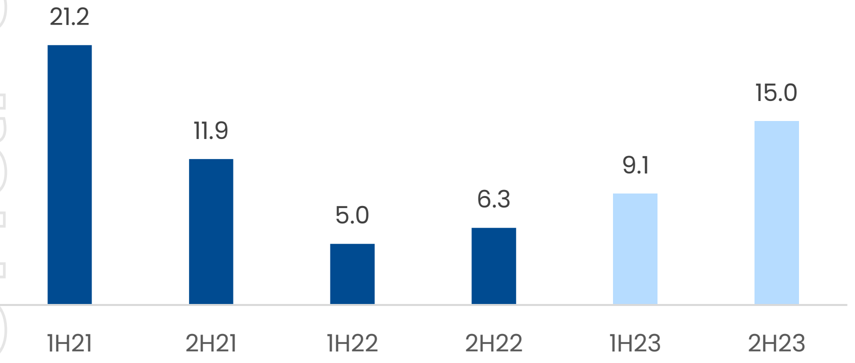
Patient Fees and Earnings

EARNINGS DRIVEN HIGHER BY APPOINTMENT VOLUME GROWTH AND IMPROVED OPERATING EFFICIENCY

Patient Fees ($m)



Underlying EBITDA ($m)



Total patient fees increased 19.5% to $270.5m on:

- Strong appointment volume growth;
- Moderation in patient cancellation rates; and
- Improved practitioner average hourly rate.

Trading conditions have materially improved, and while patient cancellations remain just slightly above pre-pandemic levels, we have somewhat offset this via enhanced patient confirmation and rebooking processes.

Total and same centre patient fee growth continues to trend positively into FY24 across all cohorts.

Underlying EBITDA increased 113.3% to $24.1m on:

- Higher revenue; and
- Improved operational efficiency, per staff to practitioner ratio improvements.

Labour efficiency is now broadly in line with pre-pandemic levels, which has significantly improved margins.

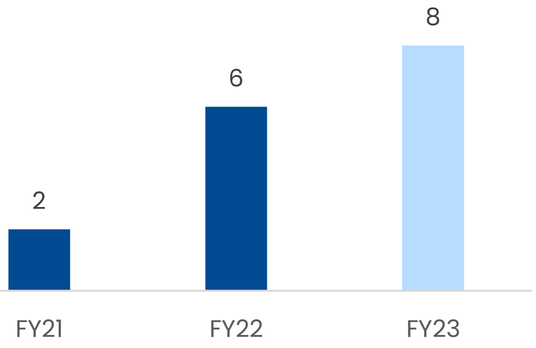
Staff turnover continues to decline, improving financial outcomes, centre operating stability, and the dentist experience.

Centres become significantly more efficient as they grow their patient base, which should drive further improvement in financial performance.

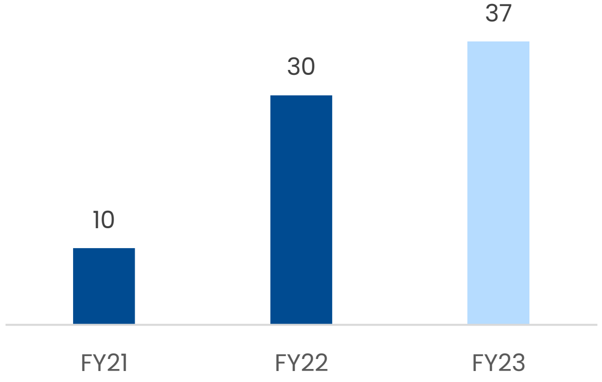
HBF Dental

PARTNER PROGRAM CONTINUES TO GROW

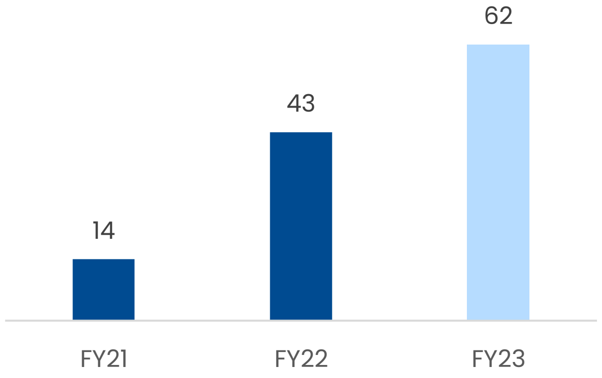
Dental Centres – up 33% YoY



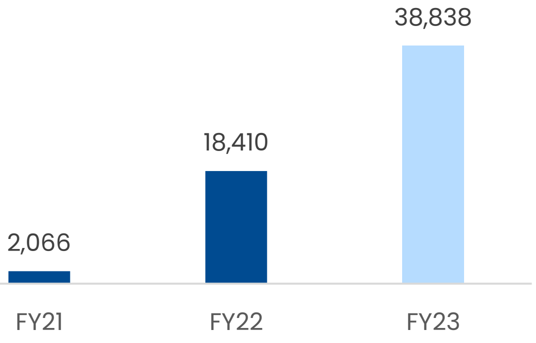
Dental Chairs – 7 new



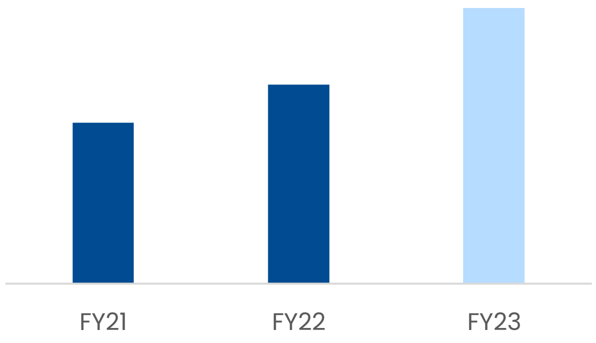
Number of Dentists



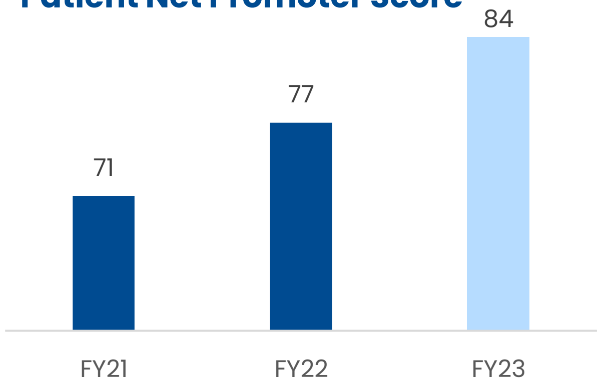
Attended appointments – up 111% YoY



Utilisation



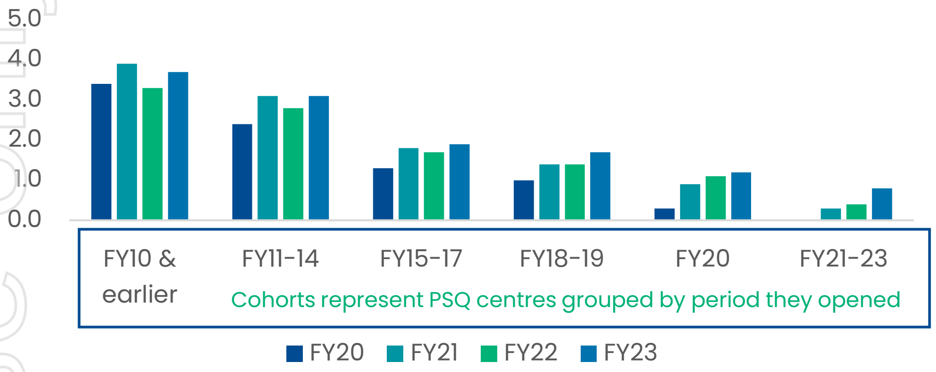
Patient Net Promoter Score



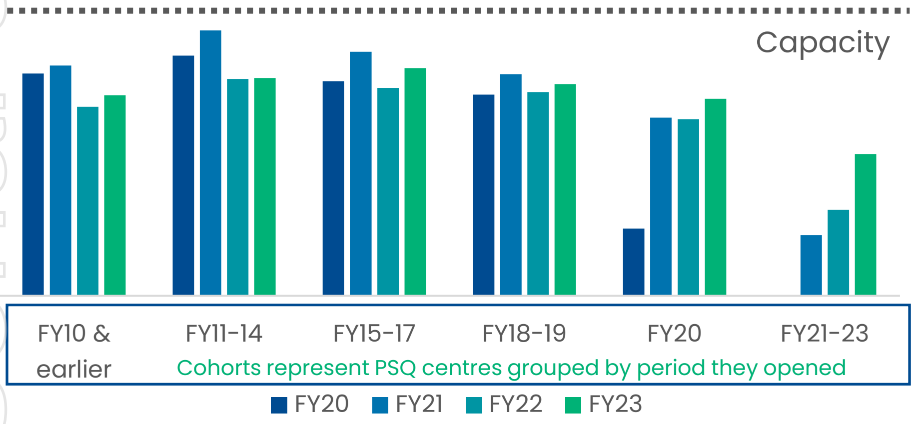
Cohort Performance – Fees & Utilisation

PERFORMANCE CONTINUES TO IMPROVE ACROSS COHORTS WHILE UTILISATION REPRESENTS KEY OPPORTUNITY

Average patient fees per centre, by cohort ($m)



Average utilisation per centre, by cohort



Average patient fees rose across all cohorts in FY23, largely in line with expectations, as we move past the impact of COVID-19.

Further capacity for growth across key cohorts, especially newer cohorts that are in ramp phase and whose growth trajectory was significantly interrupted in FY20-23.

Utilisation has improved across newer cohorts in particular, while further utilising embedded capacity in more mature centres is a key focus and clear opportunity for Pacific Smiles.

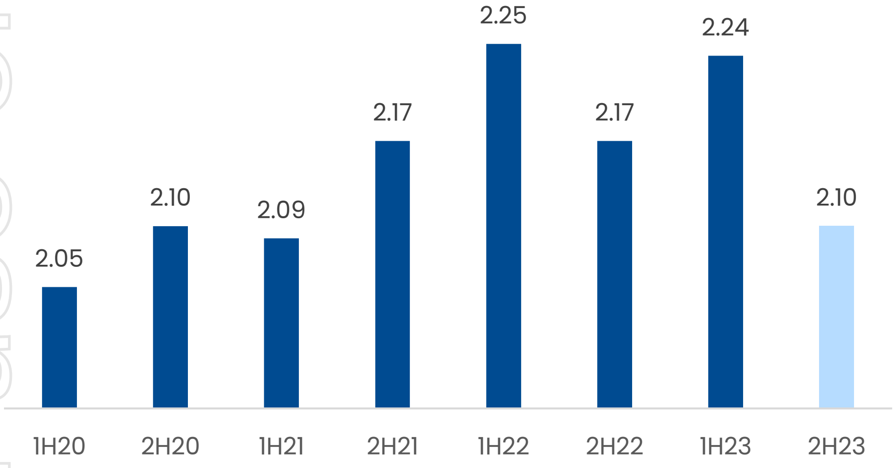
Mature cohorts generally have a greater CBD exposure, and are being impacted by hybrid working arrangements. An additional 19 chairs were added to the two oldest cohorts during FY21 (strong rebound from initial pandemic lockdowns ending), and new patient growth and practitioner attraction to these centres is a priority.

Note: Lismore, Haymarket, Everything Dentures and JobKeeper have been excluded for comparability
See appendix for relevant data tables

Cohort Performance – Efficiency

OPERATIONAL EFFICIENCY BACK TO PRE-PANDEMIC LEVELS, DRIVING INCREASED EARNINGS GROWTH

Staff to Practitioner Ratio



The Staff to Practitioner ratio[1] continues to normalise to pre-pandemic levels, with this metric a representation of Pacific Smiles' operating efficiency.

The ratio rose during COVID-19 due to inefficiencies caused by high appointment cancellation rates and withdrawal of service by practitioners which could not be completely offset.

New centre openings also impact this ratio, as they typically operate at a higher ratio after opening.

The ratio has been brought back down by operating vigilance and normalised rostering to productive practitioner hours.

Pacific Smiles always seeks to balance operational efficiency with appropriate levels of support for dentists.

[1] *Refer to glossary on slide 35 for Staff to Practitioner ratio definition.*

2. FY23 Financial Summary

FY23 Income Statement

PACIFIC SMILES GROUP

PACIFIC SMILES HAS RETURNED TO STRONG REVENUE AND EARNINGS GROWTH

$m	FY23	FY22	Change
Revenue	165.3	139.5	18.5%
Gross profit	157.4	132.8	18.5%
Underlying EBITDA	24.1	11.3	113.3%
Depreciation & amortisation	-16.4	-15.1	8.6%
EBIT	7.7	-3.9	nm
Net interest expense	-0.8	-0.7	14.3%
Profit before tax	6.9	-4.6	nm
Tax	-2.4	1.4	271.4%
Net profit after tax	4.5	-3.2	nm
Key financial metrics			
Earnings per share (cents)	2.8	-2.0	nm
Underlying EBITDA margin	14.6%	8.1%	650bp
Underlying EBITDA to Patient Fees margin	8.9%	5.0%	390bp
EBIT margin	4.7%	-2.8%	750bp

Figures are Underlying and exclude the impact of AASB 16 (see reconciliation in appendix)

Revenue increased 18.5% to $165.3m on improved patient and practitioner volumes following a COVID-19 interrupted prior year.

The number of dental centres increased by 3, with 4 opening during the year while PSD and nib Chatswood successfully consolidated into 1 centre.

Same centre patient fees increased 14.9%, reflecting a rebound in patient and practitioner volumes.

Corporate overhead margin fell to 6.9%, with strong management focus on prudent support cost levels and a moderation of new centre growth.

Underlying EBITDA increased 113.3% to $24.1m on revenue growth and a return in centre labour efficiency to pre-pandemic levels.

EBITDA generated by newer cohorts (established during and since FY20) has continued to improve following a relatively weak earnings ramp due to COVID-19 lockdowns and related changes in patient behavior.

EBITDA generated by older cohorts increased 30.9% benefitting from improved volumes and more efficient use of labour.

D&A has increased 8.6% despite a reduction in capital expenditure as new centre capex from FY23 has had a full year of depreciation.

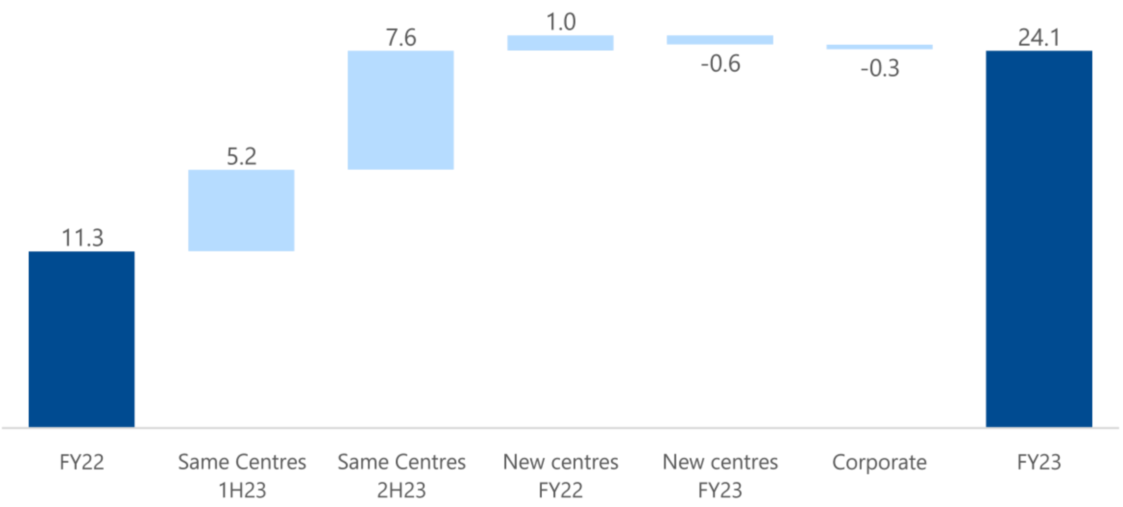
FY23 result includes $0.3m related to payroll tax for dentists operating under Service & Facilities Agreements in the current year.

FY23 Earnings Bridge

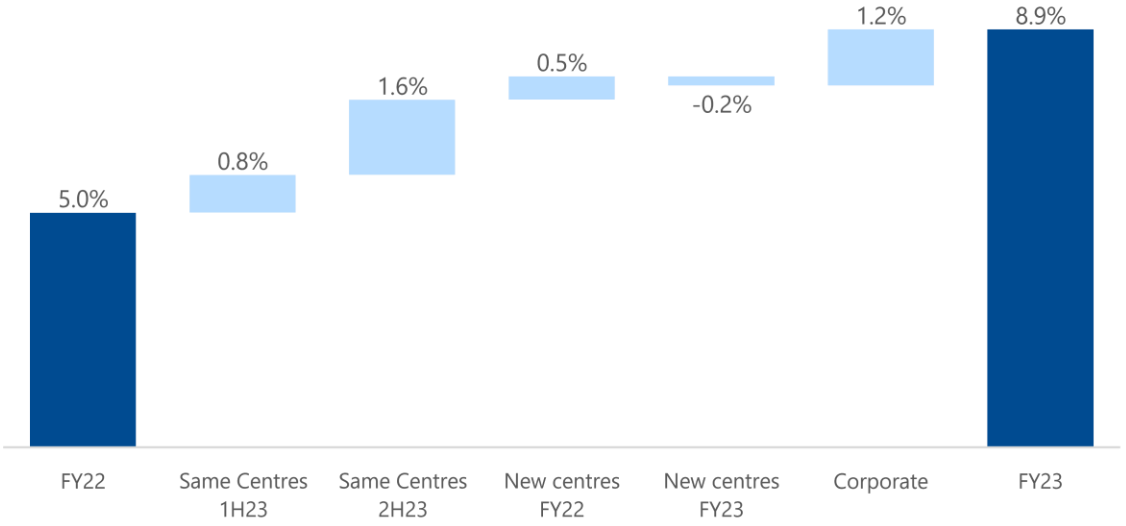
PACIFIC SMILES GROUP

APPOINTMENT VOLUME AND IMPROVED OPERATING EFFICIENCY DRIVING EARNINGS GROWTH

Underlying EBITDA ($m)



Underlying EBITDA (% of Patient Fees)



Same Centre Underlying EBITDA margin expansion in 2H23 was driven by improvements in revenue and labour efficiency.

The FY22 new-centre cohort saw continued Underlying EBITDA improvement as centres mature and volumes increase in line with a return to their ramp profile.

The FY23 new-centre cohort registered start-up Underlying EBITDA losses from 4 new centres opened during the year as is customary.

Corporate costs declined 1.2% as a proportion of patient fees, driven by prudent management of general support office costs, despite material one-off costs associated with the GROW 22 Employee Conference (held for the first time in 3 years) and a reduction in capitalised support labour costs compared to prior years, due to a slower roll out of new centres.

FY23 Cash Flow

SOLID COST CONTROL AND TARGETED CAPITAL DEPLOYMENT PROVIDE SIGNIFICANT OPTIONALITY

$m	FY23[1]	FY22[1]	Change
Reported EBITDA (pre-AASB 16)	**21.9**	**8.4**	**160.7%**
Other non-cash items	-3.6	3.0	nm
Changes in working capital (excl income tax)	5.9	-0.6	nm
Net interest paid	-1.1	-0.7	nm
Income tax refund/(paid)	4.8	-4.0	nm
Operating Cash Flow	**27.9**	**6.1**	**357.4%**
Net capital expenditure	-11.1	-22.8	-51.3%
Investing Cash Flow	**-11.1**	**-22.8**	**-51.3%**
Borrowings (net)	-9.5	17.5	-154.3%
Dividends paid	-0.6	0.0	nm
Financing Cash Flow	**-10.1**	**17.5**	**-157.7%**
Net Cash Flow	**6.8**	**0.9**	**655.6%**

[1] Reported amounts are statutory amounts adjusted for the impacts of AASB 16.

Operating Cash Flow improved significantly during FY23 (+$21.8m) on:

- Increased patient and practitioner volumes;
- A return in centre labour efficiency to pre-pandemic levels;
- Minor price increases; and
- A $5.8m tax refund for carry-back tax losses.

Investing Cash Flow more than halved during FY23 (-51.3%), with the key driver a $9.8m reduction in new centre investment to $3.9m (which includes prior-year carry over).

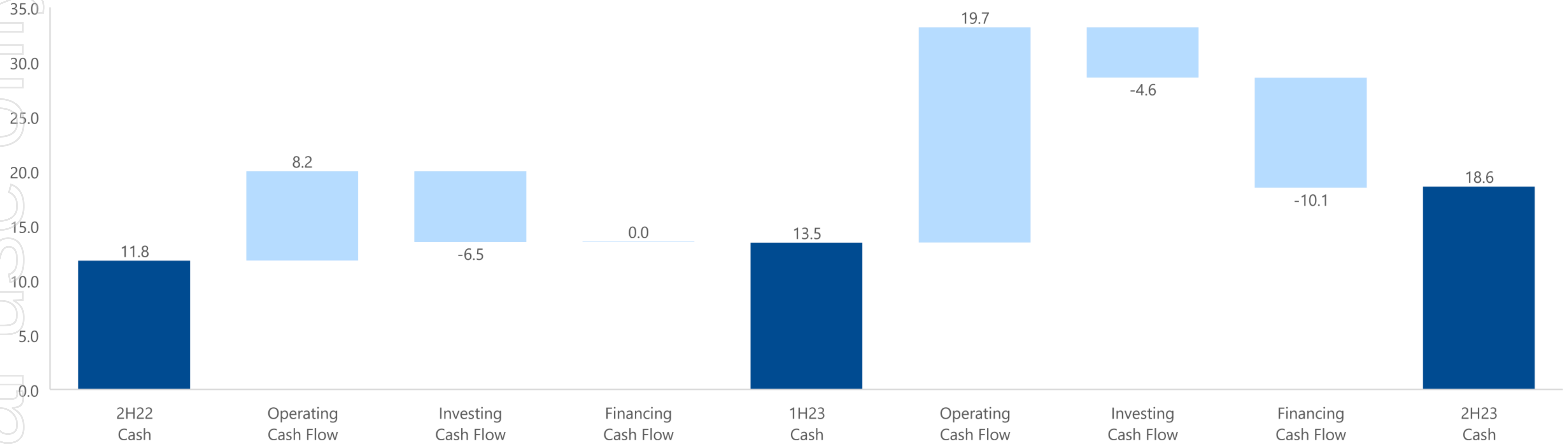
Financing Cash Flow of -$10.1m largely reflects the repayment of $9.5m in debt along with the resumption of dividend payments.

Overall this resulted in a $16.3m improvement in Net Cash, from an end-FY22 Net Debt position of $6.7m to an end-FY23 Net Cash position of $9.6m.

FY23 Cash Flow – Half on Half

CASH GENERATION IMPROVED THROUGHOUT FY23, WITH DEBT REPAYMENT RESULTING IN A RETURN TO NET CASH IN 2H23

Cash Flow[1] Waterfall ($m)



Operating Cash Flow increased in 2H23 vs 1H23, noting the inclusion of a $5.8m tax refund for carry-back tax losses. Excluding this benefit, 2H23 Operating Cash Flow grew 63% in HoH terms on the continued increase in volumes and strong cost control.

Financing Cash Flow of -$10.1m in 2H23 largely reflected debt repayment.

[1] *Cash flow amounts are statutory amounts adjusted for the impacts of AASB 16.*

Capital Expenditure

CURRENT EMBEDDED NETWORK CAPACITY REDUCES NEAR-TERM DEPENDENCY ON NEW CENTRE CAPEX FOR GROWTH – A BALANCED APPROACH

$m	FY22	FY23	Change
New centres	13.7	3.9	-71.5%
Centre relocations, expansions, refurbishments and new chairs	5.3	2.3	-56.6%
Technology upgrade	3.5	1.0	-71.4%
Replacement of in-centre equipment	1.2	2.3	91.7%
Dental scanning equipment	-	1.6	nm
Total capital expenditure[1]	**23.7**	**11.1**	**-53.2%**

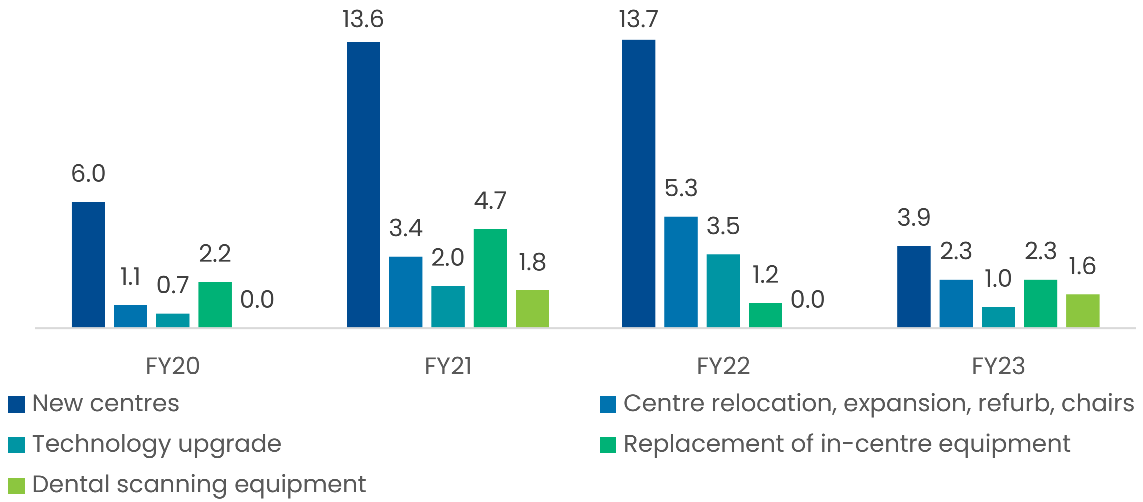
[1]Total capital expenditure excludes disposal cost

New centre growth was deliberately moderated in FY23 following the strong expansion profile of recent years.

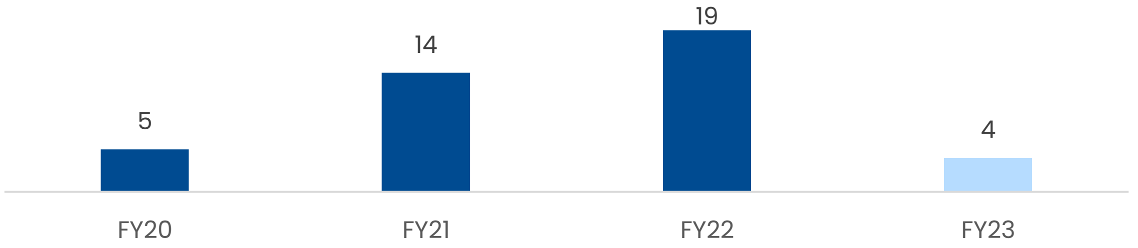
New centres typically account for the largest proportion of capex.

Technology upgrades tapered in FY23, with the substantial completion of our PMS upgrade and single patient record project in the prior year

Capital expenditure ($m)



New Dental Centres opened



FY23 Balance Sheet

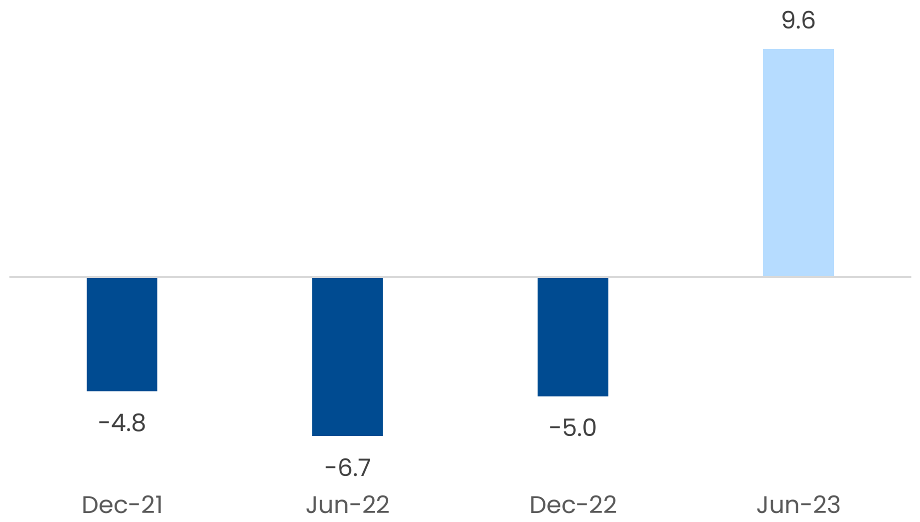
PACIFIC SMILES GROUP

STRONG CASH GENERATION THROUGHOUT THE YEAR PROVIDED FOR A RETURN TO NET CASH

$m	30-Jun-23	30-Jun-22[1]	Change
Cash and cash equivalents	18.6	11.8	57.6%
Other current assets	10.5	12.2	-13.9%
Property, plant and equipment	62.0	68.9	-10.0%
Other assets	21.2	21.3	0.5%
Total Assets	**112.3**	**114.2**	**-1.7%**
Payables and other liabilities	20.7	17.5	18.3%
Provisions	13.1	8.7	50.6%
Borrowings	9.0	18.5	-51.4%
Total Liabilities	**42.8**	**44.7**	**-4.3%**
Net Assets	**69.5**	**69.4**	**0.1%**

[1]*Note: the end-FY22 figures have been restated for an error in indirect tax liabilities.*

Net cash ($m)



Cash increased $6.8m on a significant improvement in Operating Cash Flow and prudent investment spend throughout FY23.

PP&E declined $6.9m on the slower roll-out of new centres during 2H23, with Depreciation & Amortisation running much higher than maintenance capex.

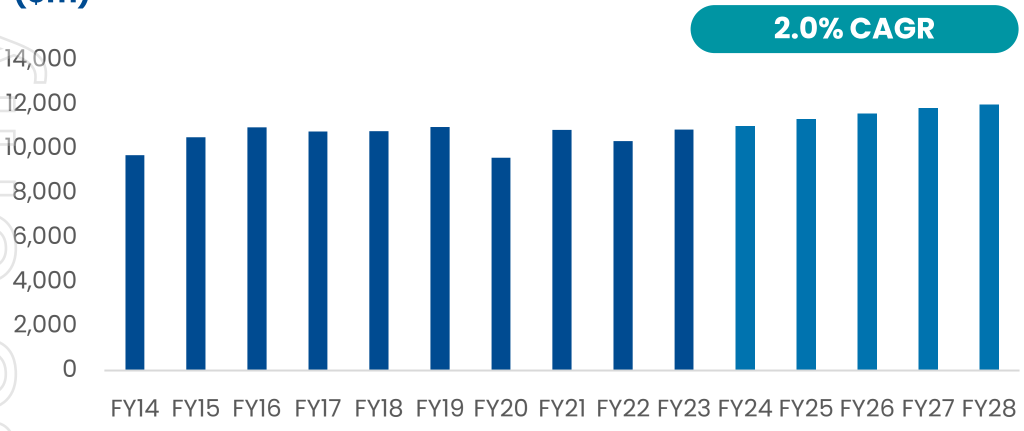
Provisions increased $4.4m on revised assumptions underpinning the make-good provisions required to be carried against our lease portfolio.

Borrowings declined $9.5m as strong operating performance allowed for the retirement of debt and reinstatement of dividends.

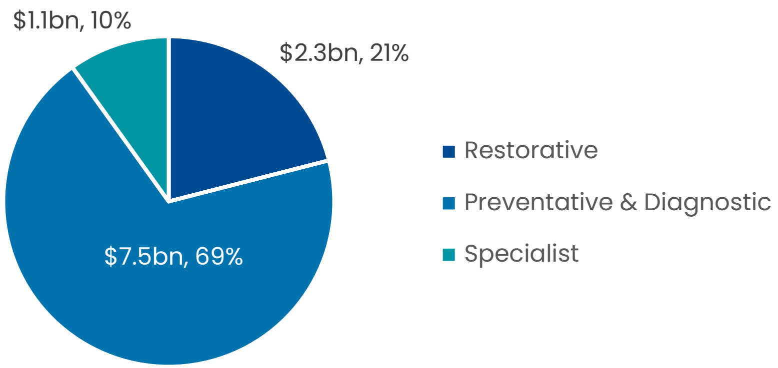
3. Sector Tailwinds & Growth Strategy

Outlook For The Australian Dental Sector

Australia Dental Services Industry Revenue Forecasts ($m)



Australia Dental Services Industry Revenue (2023)



Source: IBISWorld

Recent Trends

- Non-emergency dental work (in particular preventative & diagnostic) was delayed throughout the COVID-19 period. This has resulted in a backlog of residual demand including more expensive restorative procedures.
- PSG is seeing an increase in the number of restorative services (e.g. treating broken, damaged/decayed teeth, gums, and tissue) required post-pandemic.

Key demand factors

- **Ageing and population growth** > Dental problems are highest for people aged 75 and older, and is growing with Australia's ageing population.
- **PHI participation rates** > Recent APRA data (Mar-23) revealed continued PHI policy growth of 2%, supporting continued dental growth and ancillary claiming.
- **Access to Preferred Provider Agreements (PPAs)** > PSG has access to a broad spectrum of PPAs from insurers, which underpins patient demand as insurers promote dentist locations within their PPA network.
- **Child Dental Benefits Scheme (CDBS)** > Financial support funded by the Commonwealth Government for eligible children to receive access to dental care.
- **Cosmetic dentistry** > Increasing demand for orthodontic procedures (aligners etc), teeth whitening, veneers and crowns.

Highly fragmented industry dominated by small firms

- The dental services industry is predominantly made up of independent sole proprietors that operate relatively small-scale dental practices, with 95% of dental services enterprises producing less than $2.0m in annual revenue.
- The highly fragmented nature of the sector leaves significant scope for growth, and PSG is well positioned to capitalise on this opportunity.

Growth Thesis

Embedded Capacity

Increase utilisation and same centre growth across existing centres.

Clear opportunity for profitable growth that does not require material capex.

Cohort Maturation

Cohort mix maturation. As newer cohorts mature and more chairs are added and utilisation rates increase, revenue, and ultimately earnings increase.

Network Growth

Long-term growth plans remain unchanged.

New centre investment balanced against profitability and capital management.

Long Term Targets:

>250 centres	**>800 chairs**	**>15% EBITDA margin[1]**	**5% Market share**
(Jun 23: 130)	(Jun 23 : 545)	(FY23 : 8.9%)	(FY23 : 2.5%)

[1] *Group EBITDA Margin, post corporate overheads*

Marketing Focus

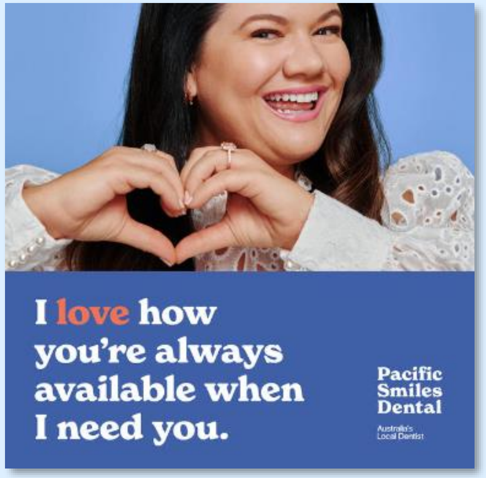
MARKETING EFFORT FOCUSED ON DRIVING NEW PATIENT ACQUISITION

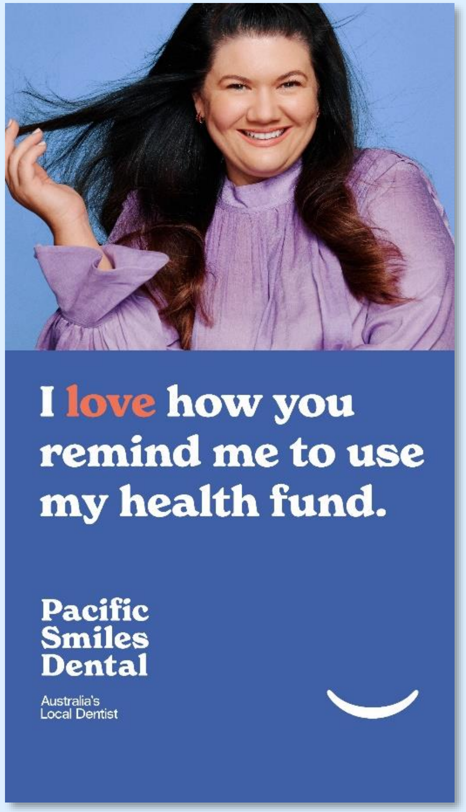
Continuing FY23 momentum by increasing opportunities for new patients to book appointments via expanded distribution channels and category entry points.

Staying top-of-mind with potential new patients for a service only used twice a year, noting over 30% of the population visits a dentist once every three years (ADA).

July launch of "Love Letters: I love my Dentist" campaign, a distinctive creative strategy to build mental availability with existing and prospective patients and reinforce the key proposition for dentists (making the inconvenient convenient).

Campaign drove 4% month-on-month new patient growth during July 2024.





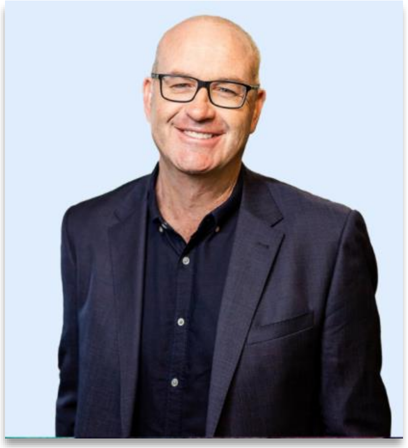
4. Outlook

FY24 Outlook

Trading Update & Outlook

- Performance to date for FY24, as of 23rd August 2023:
  - Patient Fees $43.2m
  - Patient Fees +14.1% YoY
  - Same Centre Patient Fees +13.1% YoY
- The Fair Work Commission Wage Decision of a 5.75% increase to modern award rates has been applied across the majority of the Pacific Smiles dental centre workforce as of 1 July 2023.
- Pacific Smiles expects to open 5 new centres in the second half of FY24.
- While management is pleased with the current operating performance of the business, given the prevailing uncertainty in economic conditions, FY24 guidance is not being provided at this time.
- The present high cost-of-living environment and recent increases in interest rates may impact on future demand for dental services, albeit the vast majority of Pacific Smiles patients hold private health insurance.
- An update on 1Q24 trading will be provided at the Pacific Smiles 2023 Annual General Meeting in November.

Experienced Leadership and Stability



- Paul Robertson appointed Interim Chief Executive Officer to facilitate an orderly handover and minimise disruption.
- Paul joined Pacific Smiles Group in 2008 as Chief Operating Officer and spent the following 13 years building a deep understanding of the Company's operations. In July 2022 he was appointed Chief Commercial Officer, enabling him to leverage his knowledge of the business and build on established relationships.
- Paul will remain Interim Chief Executive Officer while the search for a permanent Chief Executive Officer is ongoing.

5. Q&A


Dental
Pacific Smiles Dental
Pacific Smiles Dental
Pacific Smiles Dental

Appendix

Centre Locations

NSW

Ashfield
Balgowlah
Bateau Bay
Ballina
Bankstown*
Bass Hill
Baulkham Hills
Belmont
Belrose
Bondi Junction
Blacktown
Brookvale
Cameron Park**
Campbelltown
Charlestown
nib Chatswood ‡
Chullora**
Corrimal**
Dapto**
Erina
nib Erina
Figtree
Forster
Gladesville
Glendale
nib Glendale
Goulburn**
Greenhills
Greenhills Ortho
Hornsby**
Hurstville
Jesmond
Kotara
Lake Haven
Lane Cove
Maroubra**
Marrickville
Merrylands**
Morisset
Mount Hutton
Narellan
Newcastle**
nib Newcastle
nib Nth Parramatta
Nowra
Parramatta
Penrith
Queanbeyan
Raymond Terrace
Richmond**
Rockdale**
Rutherford
Salamander Bay
Shellharbour‡
Singleton
Sylvania**
nib Sydney
Toronto
Town Hall
Tuggerah
Tweed Heads
Wagga Wagga
Wollongong
nib Wollongong

ACT

Belconnen
Gungahlin
Manuka
Tuggeranong
Woden
nib Woden

WA (HBFD)

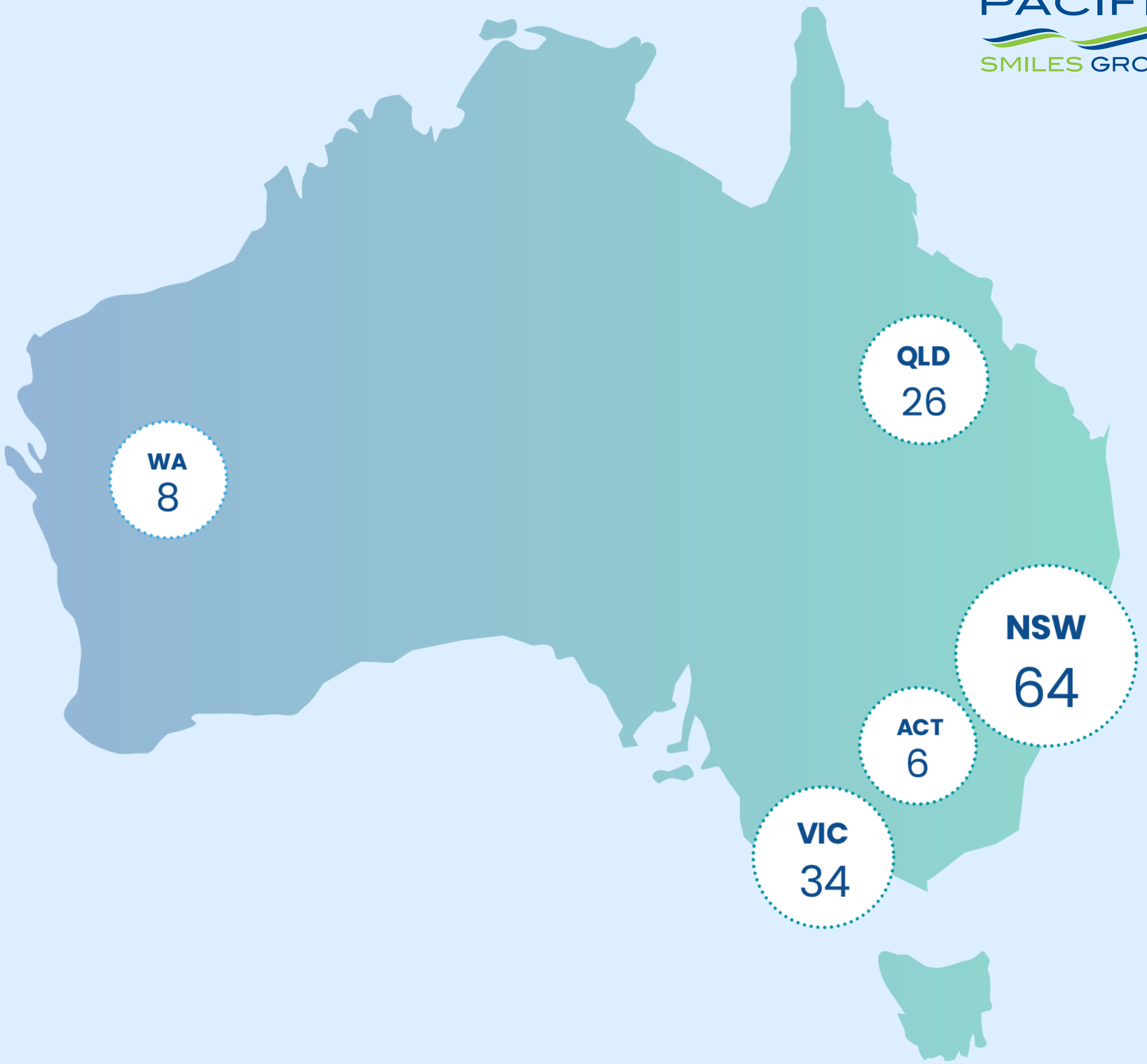
Belmont*
Bull Creek
Cannington
Floreat*
Joondalup
Karrinyup
Mandurah
Morley

VIC

Bairnsdale
Bendigo
Caroline Springs
Chirnside Park
Craigieburn**
Cranbourne Park
Doncaster East**
Drysdale
Endeavour Hills*
Epping
Frankston**
Glen Iris
Glen Waverley
Greensborough
Keysborough
Leopold
Melbourne
nib Melbourne
Melton
Mill Park
Mulgrave
Narre Warren
Oakleigh**
Ocean Grove
Point Cook
Preston
Ringwood
Sale
Taylors Lake
Torquay
Traralgon
Warragul
Waurn Ponds
Werribee

QLD

Aspley
Birtinya
Bribie Island
Brisbane CBD
Browns Plains
Buddina
Burleigh Heads
Capalaba
Chermside*
Cleveland
Coomera**
Deception Bay
Helensvale
Loganholme**
Maroochydore*
Mitchelton
Morayfield
Mt Gravatt
Mt Ommaney
Newstead
North Lakes
Redbank Plains
Robina
Runaway Bay
Strathpine
Victoria Point



Notes:
* FY2023 New Centres
** FY2022 New Centres
‡ PSD Chatswood merged with Chatswood

Why Dentists Choose Pacific Smiles

ESG – How We Make a Difference

THROUGH STRATEGIC INITIATIVES IN THE FIELD, AT OUR DENTAL CENTRE SUPPORT OFFICE, AND IN OUR NEW CENTRE BUILD SCHEDULES

Environmental

- Commitment to change from plastic to paper patient water cups by end of calendar year 2023
- Printer cartridge return and recycle program through Close the Loop has saved 560 printer cartridges (446kg) from Landfill
- Changed over to autoclavable mixing wells and cheek retractors reducing single use plastics

Social

- Continued use of AI technology to reduce bias from candidate screenings in our recruitment process
- Donated dental items to a Central Coast and Hunter based charity “We Care Connect” which helps care for local children living in poverty

Governance

- We build transparency and trust through strong governance, evidenced by our Board sub-committees and Dental Advisory Committee, which govern our operating and risk environment
- Our policies and procedures guide our people on how to make the right decisions and demonstrate ethical behaviours

Cohort Performance Data

				Average patient fees per centre ($m)									
Cohort	**# Centres**	**# Surgeries**	**# Chairs**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
FY21-23	35	180	101								0.3	0.4	0.8
FY20	5	23	15							0.3	0.9	1.1	1.2
FY18-19	19	75	69					0.3	0.6	1.0	1.4	1.4	1.7
FY15-17	28	112	104		0.3	0.5	0.7	1.0	1.3	1.3	1.8	1.7	1.9
FY11-14	15	78	73	1.1	1.7	2.0	2.3	2.3	2.5	2.4	3.1	2.8	3.1
FY10 & earlier	28	190	183	3.2	3.5	3.6	3.5	3.5	3.7	3.4	3.9	3.3	3.7
Total	**130**	**658**	**545**										

				Average EBITDA margin per centre ($m)									
Cohort	**# Centres**	**# Surgeries**	**# Chairs**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
FY21-23	35	180	101								-39.7%	-31.2%	-8.9%
FY20	5	23	15							-29.7%	-2.5%	-0.8%	6.7%
FY18-19	19	75	69					-25.9%	-7.0%	2.7%	9.0%	6.3%	13.5%
FY15-17	28	112	104		-23.3%	-11.2%	-2.2%	5.1%	11.3%	11.5%	15.8%	11.6%	15.5%
FY11-14	15	78	73	14.8%	20.1%	23.2%	23.5%	22.5%	21.7%	20.9%	22.9%	20.6%	23.1%
FY10 & earlier	28	190	183	25.5%	23.8%	24.0%	24.5%	24.1%	21.7%	20.7%	22.5%	20.2%	20.5%
Total	**130**	**658**	**545**	**23.8%**	**22.1%**	**21.4%**	**20.8%**	**19.4%**	**17.9%**	**16.7%**	**18.2%**	**13.2%**	**15.8%**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
New Centres Opened	**6**	**8**	**9**	**12**	**10**	**11**	**5**	**14**	**19**	**4**
Total Patient Fees ($m)	**95.9**	**121.4**	**133.8**	**147.0**	**164.5**	**187.4**	**186.3**	**240.8**	**226.4**	**270.5**
Total EBITDA ($m)	**22.6**	**25.0**	**27.1**	**29.2**	**30.4**	**33.3**	**30.9**	**43.6**	**29.8**	**42.7**
Total EBITDA margin (%)	**23.8%**	**22.1%**	**21.4%**	**20.8%**	**19.4%**	**17.9%**	**16.7%**	**18.2%**	**13.2%**	**15.8%**

Power in Numbers

525k
Routine exams

515k
Cleans

335k
Fillings

29k
Root Canals
& related treatments

73k
Extractions

15k
Crowns

Reconciliation – Underlying to Statutory

Income Statement

$m	FY23 Underlying (ex AASB 16)	FY23 AASB 16	FY23 Other	FY23 Statutory	FY22 Underlying (ex AASB 16)	FY22 AASB 16	FY22 Other	FY22 Statutory
Revenue	165.3	-	-	165.3	139.5	-	-	139.5
Direct expenses	-7.9	-	-1.0	-9.0	-6.6	-	-	-6.6
Gross profit	**157.4**	**-**	**-1.0**	**156.4**	**132.8**	**-**	**-**	**132.8**
Other income	2.3	-0.4	0.6	2.5	1.4	-0.6	0.5	1.3
Expenses								
Employee	-78.9	-	-1.2	-80.1	-70.3	-	-2.5	-72.8
Consumable supplies	-13.2	-	-	-13.2	-12.2	-	-0.1	-12.3
Occupancy	-20.9	17.0	-	-3.9	-19.5	15.8	-0.1	-3.8
Marketing	-3.6	-	-	-3.6	-3.4	-	-	-3.4
Admin & other	-19.0	-	-0.7	-19.7	-17.5	-	-0.6	-18.2
Total expenses	**-135.5**	**17.0**	**-1.9**	**120.4**	**-123.0**	**15.8**	**-3.4**	**-110.5**
EBITDA	**24.1**	**16.6**	**-2.2**	**38.5**	**11.3**	**15.2**	**-2.9**	**23.6**
Depreciation & amortisation	-16.4	-13.8	-	-30.2	-15.1	-11.2	-	-26.3
EBIT	**7.7**	**2.8**	**-2.2**	**8.3**	**-3.9**	**4.0**	**-2.9**	**-2.7**
Net finance costs	-0.8	-3.2	-0.3	-4.3	-0.7	-3.1	-	-3.8
PBT	**6.9**	**-0.4**	**-2.5**	**3.9**	**-4.6**	**0.9**	**-2.9**	**-6.5**
Income tax expense	-2.4	0.1	0.8	-1.5	1.4	-0.3	0.9	2.0
NPAT	**4.5**	**-0.3**	**-1.8**	**2.4**	**-3.2**	**-0.6**	**2.0**	**-4.5**

FY23 Income Statement adjustments remove the impact of:

- Once-off severance
- Executive LTI plan
- Finalisation of insurance recoveries associated with the closure of the flood-impacted Lismore centre;
- Legal & consulting costs related to the Dec 2022 EGM;
- Adjustments to workers compensation premiums for prior years; and
- Payroll tax on Service and Facilities Agreements with independent dentists.

FY22 Income Statement adjustments remove the impact of:

- Once-off severance;
- Executive LTI plan; and
- Costs associated with the closure of the flood-impacted Lismore centre (net of insurance recoveries).

Reconciliation – Underlying to Statutory

Balance Sheet & Cash Flow Statement

$m	FY23 Reported[1]	FY23 Adj. AASB 16	FY23 Statutory	FY22 Reported[1,2]	FY22 Adj. AASB 16	FY22 Statutory[2]
Cash	18.6	–	18.6	11.8	–	11.8
Receivables	2.7	0.2	2.9	3.1	0.4	3.5
Current tax receivables	–	–	–	2.5	–	2.4
Inventories	6.2	–	6.2	5.8	–	5.8
Other	1.6	–	1.6	0.9	–	0.9
Total Current Assets	**29.1**	**0.2**	**29.3**	**24.0**	**0.4**	**24.4**
Receivables	–	0.5	0.5	–	0.5	0.5
Property, plant and equipment	62.0	71.5	133.5	68.9	71.0	139.9
Intangible assets	14.6	–	14.6	13.5	–	13.4
Deferred tax assets	6.6	3.5	10.2	7.8	4.7	12.4
Total Non-Current Assets	**83.2**	**75.7**	**158.8**	**90.3**	**76.1**	**166.2**
Total Assets	**112.3**	**75.7**	**188.1**	**114.2**	**76.5**	**190.6**
Payables	19.3	–	19.3	17.5	–	17.5
Lease liabilities	–	13.7	13.7	–	12.9	12.9
Current tax liabilities	1.4	–	1.4	–	–	–
Borrowings	–	–	–	–	–	–
Provisions	4.8	–	4.8	5.1	–	5.0
Total Current Liabilities	**25.4**	**13.7**	**39.2**	**22.6**	**12.9**	**35.4**
Payables	–	–	–	–	–	–
Lease liabilities	–	70.2	70.2	–	74.5	74.5
Borrowings	9.0	–	9.0	18.5	–	18.5
Provisions	8.4	–	8.4	3.7	–	3.7
Total Non-Current Liabilities	**17.4**	**70.2**	**87.6**	**22.2**	**74.5**	**96.7**
Total Liabilities	**42.8**	**84.0**	**126.8**	**44.7**	**87.4**	**132.1**
Net Assets	**69.5**	**-8.3**	**61.3**	**69.4**	**-10.9**	**58.5**
Contributed Equity	52.1	–	52.1	51.9	–	51.9
Reserves	15.5	–	15.5	15.3	–	15.3
Retained profits	1.9	-8.3	-6.3	2.3	-10.9	-8.7
Total Equity	**69.5**	**-8.3**	**61.3**	**69.4**	**-10.9**	**58.5**

$m	FY23 Reported[1]	FY23 AASB 16	FY23 Statutory	FY22 Reported[1]	FY22 AASB 16	FY22 Statutory
Reported EBITDA	21.9	16.6	38.5	8.4	15.2	23.6
Other non-cash items	-3.6	–	-3.6	3.0	–	3.0
Changes in working capital (ex income tax)	5.9	0.3	5.5	-0.6	0.3	-0.9
Net interest paid	-1.1	-3.2	-4.3	-0.7	3.1	-3.8
Net income taxes	4.8	–	4.8	-4.0	–	-4.0
Operating Cash Flow	**27.9**	**13.0**	**40.9**	**6.1**	**11.8**	**17.9**
Net capital expenditure	-11.1	–	-11.1	-22.8	–	-22.8
Finance lease payments	–	0.5	0.5	–	0.6	0.6
Investing Cash Flow	**-11.1**	**13.5**	**-10.5**	**-22.8**	**0.6**	**-22.1**
Borrowings (net)	-9.5	–	-9.5	17.5	–	17.5
Payments of lease liabilities	–	-13.5	-13.5	–	-12.4	-12.4
Dividends paid	-0.6	–	-0.6	–	–	–
Financing Cash Flow	**-10.1**	**-13.5**	**-23.6**	**17.5**	**-12.4**	**5.1**
Net Cash Flow	**6.8**	**–**	**6.8**	**0.9**	**–**	**0.9**

[1] Reported amounts are statutory amounts adjusted for the impacts of AASB 16.
[2] FY22 has been restated for an error in indirect tax liabilities.

Glossary

Statutory EBITDA	Earnings Before Interest, Tax, Depreciation, and Amortisation
Reported EBITDA	Statutory EBITDA excluding the impact of AASB 16 (lease accounting standard)
Underlying EBITDA	Statutory EBITDA excluding: the impact of AASB 16 (lease accounting standard); expenses not related to ongoing employee expenses; and expenses related to non-recurring or extraordinary events
Centre Cohorts	Cohorts represent Pacific Smiles centres grouped by the financial year(s) in which they opened
HBF partnership	Pacific Smiles operates eight dental centres in Western Australia on behalf of HBF, for a fee
nib partnership	Pacific Smiles owns and operates 11 nib Dental Care centres, and all Pacific Smiles centres are part of the nib First Choice network
Free Cash Flow	Operating Cash Flow less Investing Cash Flow
Patient Fees vs Revenue	Total fees paid by patients (customers of dentists utilising the Pacific Smiles network) vs Pacific Smiles share
Staff to Practitioner Ratio	The ratio of total staff hours worked in dental centres to dentist hours worked
Utilisation	A measure of activity relative to the total effective productive capacity of each dentist chair