

ASX ANNOUNCEMENT

28 August 2024

Higher volumes and operating efficiencies driving earnings growth

Dentist service organisation Pacific Smiles Group Limited (ASX: PSQ) today released its financial results for the 12 months ended 30 June 2024. The Group's focus on increasing utilisation within existing centres to grow appointment volumes and improve operational efficiency has delivered patient fee growth and increased profitability. The Group's strong financial performance and cash flow has allowed for repayment of all borrowings during the financial year and a final dividend of 3.25cps bringing the total dividend for FY24 to 5.35cps.

FY24 Results Summary:

- **Patient Fees of \$291.8m**, up 7.9% vs pcp
- **Group Revenue of \$179.8m**, up 8.7% vs pcp
- **Underlying¹ EBITDA of \$28.2m**, up 16.9% vs pcp
- **Underlying¹ NPAT of \$8.9m**, up 98.3% vs pcp
- **Return on Equity of 13.2%** vs 4.0% in the pcp
- **Net Cash of \$17.7m at year end**, and debt free position
- **Final Dividend (fully franked) of 3.25cps** declared, for a Total Dividend of 5.35cps in FY24, representing a payout ratio of 100% of Underlying NPAT
- **FY25 YTD performance indicates continued growth** across key operating and financial metrics.

In FY24 growth was driven through increased engagement with practitioners, as well as a focus on attracting new patients.

Patient fees increased by 7.9% year on year (YoY) to \$291.8m, as the Company saw improvements across all centre cohorts. Total practitioner hours rose 3.9% to over 717,000 hours, while total appointments attended increased 3.5% to ~1.05 million.

Underlying EBITDA rose 16.9% YoY to \$28.2m, reflecting the contribution of higher patient fees, and improved operational efficiency. Inflationary cost pressures increased in FY24, largely driven by the Fair Work Commission Wage Decision of a 5.75% increase to modern award rates, and CPI-linked lease increases. This was partly offset by a reduction in consumables costs due to improved supplier partnership arrangements and focused in-centre inventory management. Despite these

¹ Underlying results exclude the impact of the Australian accounting standard (AASB 16) and other one-off related items. A reconciliation of underlying to statutory results is disclosed in the Appendix of the FY24 Investor Presentation, Appendix 4E and the Annual Report.

inflationary and cost of living headwinds, Pacific Smiles continued to drive growth and manage profitability effectively.

EBITDA margins improved, both at a centre level and group level, reflecting the revenue uplift and focused expense management. Underlying NPAT of \$8.9m represented an increase of 98.3% on the pcp, with a final dividend of 3.25cps (fully franked).

Pacific Smiles' corporate overhead ratio reduced to 6.4% of patient fees from 6.9% in the prior year, driven by cost and headcount discipline.

Capital expenditure for the year was lower at \$3.8m compared to \$11.1m in FY23, primarily due to there being no new centre openings. \$3.3m was spent on equipment, including the purchase of 30 new dental chairs to be used in growing the network and to replace ageing chairs in the fleet. Of the remaining capital expenditure, \$0.3m was spent on IT-related investment and \$0.2m on refurbishing dental centres.

This improved financial performance resulted in a material deleveraging of the Company's balance sheet, with \$17.7m net cash and no debt at 30 June 2024.

The Pacific Smiles management team remains focused on maintaining the company's positive culture, for both dentists and employees. As such it is pleasing to report that employee turnover continues to improve, while dentist turnover has remained largely steady over a long period. Patient satisfaction remains high with a year-end patient net promoter score of 90.

Pacific Smiles Managing Director & Chief Executive Officer, Andrew Vidler, said: "We are exceptionally pleased with this year's result, which is a real testament to the team's commitment. Our focus on the utilisation of existing centres and to drive growth in patient fees has underpinned this performance. Utilisation has improved across the business, especially among our newer cohorts. Our revenue growth and ongoing efficiency improvements drove margin improvement, offsetting the impact of inflationary cost pressures.

"We continue to deliver and extend the benefits of Pacific Smiles' service model to an increasing number of Australia's dentists while growing the number of patients with an active preference for dental care at Pacific Smiles.

"I am proud of the dedication of our team and their focus on delivering the highest quality customer care, despite the distraction of corporate interest in the business over the course of this year. Overall, Pacific Smiles is well placed for growth."

Trading Update

Performance to date for FY25, as of 27 August 2024:

- Patient Fees \$50.8m
- Patient Fees +10.9% YoY (+8.4% YoY normalised on like-for-like trading days)^{2,3}

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.

Investor presentation

Pacific Smiles will host a conference call for investors to discuss the full-year results at 11:00 am AEST, Wednesday 28 August. Pre-Registration Link:

<https://sl.c-conf.com/diamondpass/10040930-ugbur.html>

Complete full-year results materials will be released to the ASX and will be available on the Company website via the following link:

<https://investors.pacificsmilesgroup.com.au/Investors/?page=ASX-Announcements>

This announcement was authorised for release by the Pacific Smiles Board.

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