

1. Company details

Name of entity:	Pacific Smiles Group Limited
ABN:	42 103 087 449
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

	2025 \$'000	2024 \$'000	Movement \$'000	Up/ (down) %	
Statutory financial results					
Revenue from ordinary activities	196,023	179,752	16,271	9.1	
Profit from ordinary activities after tax	1,971	8,039	(6,068)	(75.5)	
Underlying financial results					
Revenue from ordinary activities	196,023	179,752	16,271	9.1	
Underlying profit from ordinary activities after tax	11,829	8,534	3,295	38.6	
	Note	2025 \$'000	2024 \$'000	Movement \$'000	Up/ (down) %
Reconciliation of statutory to underlying profit for the year					
Statutory profit/ (loss) for the year		1,971	8,039	(6,068)	(75.5)
Severance expenses removed	1	309	226	83	36.7
Executive Long-Term Incentive plan (credit)/ expense	2	2,137	(1,815)	3,952	(217.7)
Costs associated with the control transaction proposals and Scheme of Arrangement	3	11,628	2,313	9,315	402.7
Workers compensation insurance premium adjustment for prior years	4	-	208	(208)	(100.0)
Impact of prior year payroll tax determination	5	9	1,191	(1,182)	(99.2)
Change in accounting estimate for consumables	6	-	(1,415)	1,415	(100.0)
Income tax effect of adjustments		(4,225)	(213)	(4,012)	nm
Underlying profit/ (loss) for the year		11,829	8,534	3,295	
				2025 Cents	2024 Cents
Basic earnings per share				1.2	5.0
Diluted earnings per share				1.2	5.0

Comments

The profit for the Group after providing for income tax amounted to \$1,971,000 (30 June 2024: \$8,039,000).

Note 1 – All termination and redundancy severance expenses have been removed as non-underlying cost as these are one-time expenses that do not reflect regular payroll expenses and including them distorts true changes in ongoing employee expenditure.

Note 2 – Long-term incentive costs for the Executive team have been removed as these expenses are tied to specific performance criteria and do not reflect regular salary and benefits. In the current period the expense relates to all performance rights that either vested or lapsed during the financial year ended 30 June 2025, resulting from the off-market takeover bid. These costs have been excluded from the underlying financials as they do not represent ongoing operating expenses.

Note 3 – The costs associated with the proposals from Genesis Capital Manager I Pty Ltd (Genesis) and NDC BidCo Pty Ltd (NDC) to acquire 100% of the shares in Pacific Smiles, as well as the Scheme Meeting held on 8 August 2024, have been excluded from the underlying financials. These costs included external consulting, financial and legal advice, break fees, and other associated expenses related to the Scheme and the Scheme Meeting, along with additional exertion payments to directors and management. Subsequently, an off-market takeover bid from Genesis was successful in acquiring circa 89% of the shares in Pacific Smiles. The associated costs of this transaction have also been excluded from the underlying financials.

Note 4 – In the previous financial year, PSG received premium adjustment notices regarding workers compensation premiums for prior financial years. As these are considered a change in estimate, they have been paid and included in the statutory result; however, they have been excluded from the underlying result as they relate to expenditure from the 2023 financial year.

Note 5 – The prior year payroll tax determination represents the total amount paid for payroll tax relating to the five financial years 2019 to 2023 in the Australian Capital Territory and associated attendant legal costs incurred during the audits and PSG's objections. The current year amount relates to attendant legal costs associated with the ACT objection only.

Note 6 – During the prior year, PSG updated processes and controls reporting dental centre consumables and the associated estimated cost and quantity held at individual dental centres. Applying this change resulted in a credit in the prior year which was excluded from the underlying results as a non-cash adjustment

For a review of the operations and activities for the year ended 30 June 2025, please refer to the Operational Overview and Insights contained in the annual report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(3.06)	(9.26)

Following the implementation of AASB 16 Leases, right-of-use assets are excluded from the calculation of net tangible assets per ordinary security, however, the corresponding lease liabilities are included in the calculation shown above. Should the lease liabilities be excluded from the calculation, net tangible assets per ordinary security would be 37.59 cents (2024: 37.94 cents).

4. Dividends

Current period

No dividends were declared during the financial year ended 30 June 2025 (2024: 3.25 cents per ordinary share, fully franked).

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2024, paid on 28 October 2024	3.25	3.25

5. Dividend reinvestment plan

The Company does not currently offer a dividend reinvestment plan.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

7. Signed

Signed _____



Date: 13 August 2025

Michael Caristo
Chairperson

For personal use only

Pacific Smiles Group Limited

ABN 42 103 087 449

Annual Report - 30 June 2025

For personal use only

Review of Operations as at 30 June 2025

In FY 2025 Pacific Smiles continued to grow and maximise the utilisation of existing dental centres by improving the support delivered to practitioners who choose to work with us. Growth was driven by attracting new and returning patients to our dental centres and by engaging new practitioners to utilise the services provided by Pacific Smiles. Marketing efforts targeted new patient acquisition by expanding booking channels and driving uptake of our proprietary online booking tool, now offering a broader range of appointment types bookable online, supported by targeted brand campaigns driving awareness.

There was also continued emphasis on balancing cost savings and the efficient use of labour, while ensuring high-quality services for practitioners. Procurement savings were also a key area of focus to drive operational efficiency across the business.

As part of Pacific Smiles' ongoing efforts to optimise its portfolio and ensure long-term profitability, the company made the decision to close two underperforming dental centres: Singleton and Toronto. These closures were driven by ongoing performance which did not meet the company's financial and operational targets.

The decision aligns with Pacific Smiles' commitment to focusing resources on higher-performing centres, ensuring that capital and operational efforts are directed toward initiatives that drive sustainable growth and profitability. This aligns with our broader strategy to enhance network efficiency while maintaining high standards of care for our patients.

During the year, the Group was subject to an off-market takeover bid, made by Beam Dental Bidco Pty Ltd (Bidco), an associate of Genesis Capital Manager I Pty Ltd (Genesis). The bid has successfully acquired circa 89% of the issued shares in the Group, resulting in a substantial change in the Company's shareholder base and a change of control.

The takeover bid reflected strong external interest in the Company's operations and growth potential. The Board oversaw the execution of necessary legal, financial, and operational activities to facilitate the takeover process. This significant transaction underscores the resilience of Pacific Smiles' business model and its attractiveness to investors while positioning the Company for its next phase of growth under the new ownership structure.

The Board and Executive team continue to work closely with Genesis Capital to ensure alignment of operational priorities and to maintain continuity of service to practitioners and patients while evaluating potential strategic opportunities under the new ownership structure.

Operating and financial performance improved on the prior year, culminating in full year results as follows:

- Underlying earnings before interest, tax, depreciation and amortisation ("EBITDA") (excluding AASB 16) increased from \$28.2m to \$31.6m, an increase of 12.1%.
- Patient fees up 8.7% year on year to \$317.1m.
- Group revenue up 9.1% year on year to \$196.0m.
- HBF Dental continued to grow delivering ~72,000 appointments, an increase of 21.7% over the prior year.
- Total borrowings remained at nil, with a net cash position of \$21.4m (2024: \$17.7m).

The FY 2025 results reflect the Company's strategy of capitalising on the significant investments in prior periods to leverage operational efficiencies and growth in patient appointment and practitioner hours to drive profitability. There were no new centres built in FY 2025 and capital expenditure was again moderated.

The operational overview and insights discussions will focus on the underlying results for FY 2025 and the comparative period, excluding the impacts of AASB 16. While AASB 16 provides an accurate representation of the Company's financial obligations and assets related to leases, removing the effects of the accounting standard provides a clearer picture of operational performance and helps with comparing the current financial results with historical data and similar companies. AASB 16 includes interest and depreciation expenses instead of lease expenses, thereby improving the earnings before interest and depreciation (EBITDA) result without a change to the operational performance of the Company. To exclude the impacts of AASB 16, the Company has replaced the depreciation and interest expenses associated with the leased assets and liabilities with the lease cash payments. This reduces the EBITDA result. Reporting on underlying EBITDA that removes these impacts focuses on the core performance of the Company.

Company Strategic Pillars

Pacific Smiles has a clear focus on strategic drivers of the business. Core pillars of the strategy are as follows:

Strategic Pillar	Description
Strong and Engaged Culture	Investment in dentist, patients and employee experience is a core pillar of the strategy and is measured via Engagement research and Net Promoter scores (NPS).
Operational Excellence	Operational efficiency, productivity and economies of scale are driven by leveraging investments in systems, core processes and infrastructure.
Same Centre Growth	Leveraging growth in the existing portfolio of dental centres whilst adding additional capacity where available from new chairs and practitioners.
Innovation	Ongoing investment in enhanced tools, systems and processes to deliver an improved experience to dentists and their patients, as well as employees.
Network Optimisation	Measured investment in value-enhancing centres, existing and new, whilst balancing profit growth with prudent capital management.
Total Shareholder Returns	Maximising the return on equity for shareholders by increasing profitability that drives greater total shareholder returns.

Statutory results

Statutory net profit after tax for the year was \$2.0m. This result decreased 75.5% from the FY 2024 statutory net profit after tax of \$8.0m. The statutory results for the year were driven by expenses associated with the change of control proposals and off-market take-over bid that temporarily materially increased expenses and offset the growth in patient volumes and improved operational efficiency delivered by the Group.

Underlying Results

The consolidated entity's underlying EBITDA, excluding the impact of AASB 16, increased 12.1% to \$31.6m compared with the previous financial year. The reconciliation of statutory net profit before tax to underlying EBITDA pre-AASB 16 is shown in the table below.

	2025	2024
	\$'000	\$'000
Statutory net profit before tax	3,753	10,725
Depreciation and amortisation expense	28,467	30,332
Net finance cost	3,030	3,668
Statutory EBITDA	35,250	44,725
Severance expenses removed	1 309	226
Executive Long-Term Incentive plan expense/ (credit)	2 2,137	(1,815)
Workers compensation insurance premium adjustments for prior years	3 -	208
Impact of prior years' payroll tax determination	4 9	1,191
Additional costs associated with change of ownership	5 11,628	2,313
Change in accounting estimate for consumables	6 -	(1,415)
Adjustment to pre-AASB 16 basis	7 (17,754)	(17,252)
Underlying EBITDA pre-AASB 16	31,579	28,181

Non-IFRS financial measures such as 'Underlying EBITDA' and 'Underlying NPAT' are unaudited and have not been prepared in accordance with Australian Accounting Standards. However, the information has been derived from the audited financial statements. These measures are provided to assist investors in understanding the Company's financial performance.

Note 1 – All termination and redundancy severance expenses have been removed as non-underlying cost as these are one-time expenses that do not reflect regular payroll expenses and including them distorts true changes in ongoing employee expenditure.

Note 2 – Long-term incentive costs for the Executive team have been removed as these expenses are tied to specific non-operating performance criteria and do not reflect regular salary and benefits. In the current period, the expense relates to all performance rights that either vested or lapsed during the year ended 30 June 2025, resulting from the off-market takeover bid. These costs have been excluded from the underlying financials as they do not represent ongoing operating expenses.

Note 3 – In the previous financial year, PSG received premium adjustment notices regarding workers compensation premiums for prior financial years. As these are considered a change in estimate, they have been paid and included in the statutory result; however, they have been excluded from the underlying result as they relate to expenditure from the 2023 financial year.

Note 4 – The prior year payroll tax determination represents the total amount paid for payroll tax relating to the five financial years 2019 to 2023 in the Australian Capital Territory (ACT) and associated attendant legal costs incurred during the audits and PSG's objections. The current year amount relates to attendant legal costs associated with the ACT objection only.

Note 5 – The costs associated with the proposals from Genesis Capital Manager I Pty Ltd (Genesis) and NDC BidCo Pty Ltd (NDC) to acquire 100% of the shares in Pacific Smiles, as well as the Scheme Meeting held on 8 August 2024, have been excluded from the underlying financials. These costs included external consulting, financial and legal advice, break fees, and other associated expenses related to the Scheme and the Scheme Meeting, along with additional exertion payments to directors and management. Subsequently, an off-market takeover bid from Genesis was successful in acquiring circa 89% of the shares in Pacific Smiles. The associated costs of this transaction have also been excluded from the underlying financials.

Note 6 – During the prior year, PSG updated processes and controls reporting dental centre consumables and the associated estimated cost and quantity held at individual dental centres. Applying this change resulted in a credit in the prior year which was excluded from the underlying results as a non-cash adjustment

Note 7 – The Group has made several adjustments to align underlying EBITDA to the cash payments for leases and sub-leases. These adjustments aim to present a clearer picture of the operational performance of the Group by removing the non-cash effects introduced by the *AASB 16 Leases* standard.

Underlying NPAT increased 38.1% to \$12.3m compared to \$8.9m in the prior year.

Depreciation and amortisation costs (excluding the impact of AASB 16) totalled \$14.0m, a reduction of \$2.1m on the prior period.

Summary of key financial results and metrics are as follows:

Group Financial Performance \$ millions	Underlying ¹ 2025	Underlying ¹ 2024	Change
Revenue	196.0	179.8	9.1%
Gross profit ²	186.4	170.6	9.3%
EBITDA	31.6	28.2	12.1%
EBIT	17.6	12.1	45.7%
Net profit after tax	12.3	8.9	38.1%
Operating metrics			
Number of Dental Centres	126	128	(1.6%)
Commissioned Dental Chairs	543	543	-
Patient Fees (\$m)	317.1	291.8	8.7%
Same Centre Patient Fees growth	8.7%	7.3%	1,400 bps
Financial metrics			
Underlying earnings per share (cents)	8.2	5.6	46.9%
EBITDA margin	16.1%	15.7%	43 bps
EBITDA to Patient Fees margin	10.0%	9.7%	30 bps
EBIT margin	9.0%	6.7%	225 bps

¹ Underlying result includes the adjustments outlined in the table above.

² Gross profit is defined as revenue, plus other income less direct expenses as disclosed in the consolidated statement of profit and loss.

Revenue

Group revenue is \$196.0m, an increase of 9.1% over the previous financial year. Revenue consists mainly of service fees charged to the dentists who practice from centres. The increase in revenue was driven by both increased appointment volumes as the business continues to grow and scale, as well as modestly higher prices driven by small increases provided by health funds.

Patient fees increased 8.7% over the previous year to \$317.1m. Appointment volumes increased in all cohorts (based on age), with higher growth rates achieved in more immature centres, predominantly established in FY20 or later.

Total practitioner hours increased 4.6% in FY 2025 to approximately 750,000 hours, and the total number of appointments attended increased 5.1% to 1.1m.

Expenses

EBITDA margins at a centre level increased 100 basis points (or 1%) compared to FY 2024, despite the ongoing challenging cost environment driven by cyclically high inflation and the resulting uplift in award wage rates affecting the majority of our employee base. Balancing the efficiency and productivity of the dental centre workforce against the need to provide practitioners and patients with high quality support and care remained a priority.

The Group also strengthened its people and capability agenda to support practitioner satisfaction and employee engagement during a period of transition. Initiatives included the refinement of field and corporate incentive structures to better align incentive payments with business performance, enhanced centre-level leadership capability, and improved practitioner onboarding and education support.

In relation to other areas of expenditure, the following is noted:

Consumable supply expenses decreased by 1.0% to \$13.2m from \$13.3m in the prior period. These costs as a percentage of turnover further reduced in comparison to FY 2024, from 4.6% to 4.2% due to continued improvement in centre purchasing processes and strong partnerships with suppliers.

Occupancy costs including lease payments increased 3.7% to \$23.0m in FY 2025 versus \$22.2m in the prior period. Approximately \$0.5m of this increase is attributed to annual lease increases and \$0.1m to utility prices increasing outgoings.

Repairs and maintenance expenditure on dental equipment in the network increased from \$2.6m to \$2.9m in FY 2025. The year-on-year rise was primarily driven by increased ageing of the dentist chair fleet and other equipment. To address this, asset management processes continue to be examined for potential improvements and vendor partnerships leveraged to proactively schedule routine maintenance. This will enable pre-emptive equipment replacement decisions, ensuring optimal equipment performance and reliability, while maintaining a focus on cost.

Pacific Smiles' corporate overhead ratio increased to 7.6% in FY 2025 from 6.7% in the prior year. This was driven by increases in consulting expenditure, cost to improve our cyber security resilience and the achievement of short-term incentive (STI) hurdles resulting in the full payment of STI entitlements.

Net interest moved to net interest income of \$0.2m from net interest cost of \$0.2m in the prior year, with nil funds drawn in the period.

Capital Expenditure

Capital expenditure for the year increased to \$5.7m compared to FY 2024 at \$3.8m, with the Company investing in new centres (with one centre opening in early FY 2026) and the relocation of three centres. In total, the Group spend \$2.2m on property related capital expenditure and \$2.6m on equipment required in the dental centres.

The Group continued to apply a disciplined approach to capital management, maintaining a net cash position at year end. Dividend policy is under review in light of the change in ownership structure, with future capital allocation decisions to align with strategic priorities and growth ambitions.

Cash and Borrowings

Pacific Smiles continues its strong focus on cash management and fiscal discipline. During the year, all funds drawn from the long-term debt facility were repaid. At year end, the Group had access to \$20 million in undrawn borrowing facilities, providing additional liquidity and financial flexibility.

Centres

No new centres were opened in FY 2025.

In FY 2025, Pacific Smiles closed two underperforming centres, Singleton and Toronto, due to ongoing performance issues. This move is part of the broader strategy to optimise the network by focusing resources on higher-performing centres, ensuring capital and operational efforts are directed towards growth opportunities.

The Company continually evaluates the strategy regarding growth in light of the operating environment to ensure efficient use of capital and a balanced approach to growth.

Business Strategies and Prospects for Future Financial Years

Pacific Smiles is a highly experienced developer and operator of dental centres. The model and framework have been built and refined over a long period of time, giving the Company unique industry intellectual property. It is underpinned by:

- Locations with a strong community and convenience proposition
- Standardisation of centre design, brand, people & culture and systems
- Ease of mobility for staff and practitioners across the network

The outlook and future prospects for Pacific Smiles is favourable and the Company is optimistic on growing revenue and earnings in FY 2025, noting that the Company's growth is driven by three important levers, including:

1. *Embedded Capacity: Available capacity to fill additional appointments within the existing network*

- Filling existing spare appointments
- Higher utilisation of existing chairs (via more dentist hours)

2. Cohort Maturation

- Further capacity from limited investment via new chairs in available surgeries
- Higher utilisation of existing chairs (via more dentist hours)
- Additional cohort maturation mix from improving offering, efficiency and pricing
- Improving mix of higher value dentistry work could drive further upside

3. Network Optimisation

- Self-funded network centre growth remains a key long-term opportunity
- Centre refurbishments and expansions
- Cash flow generation and a strong business model supports continued scale

Pacific Smiles also benefits from several valued strategic partnerships, including with nib and HBF. Nib is a key health insurance partner of Pacific Smiles, cemented by a long-term close working partnership of over 20 years. Pacific Smiles owns and operates 11 nib-branded dental centres. This relationship was recently enhanced with via an agreement to expand the current contractual arrangements for the provision of a gap-free offering to nib members across the whole Pacific Smiles network.

Pacific Smiles' close relationship with HBF is borne from the Managed Services Agreement (MSA) whereby the Company is the exclusive operator of HBF dental centres in Western Australia. Since the inception of the MSA in FY 2021, 10 HBF dental centres have been developed, with two new centres opened during the financial year.

Key trends and demand factors in the Australian dental sector support a positive outlook, including:

- Ageing and population growth - dental problems are highest for people aged 75 and older and is growing with Australia's ageing population.
- People aged 35 to 74 have the greatest financial means to pay for dental care – according to ABS data, 84.3% of people in this age cohort that needed to see a dentist in 2022-23 did so.
- Private health insurance (PHI) participation rates remain high - recent APRA data (Dec-23) revealed continued annual PHI policy growth of 2.3%, supporting continued dental growth and ancillary claiming.
- Access to Preferred Provider Agreements (PPAs) – the Company 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) continues - financial support funded by the Commonwealth Government for eligible children to receive access to dental care.
- Cosmetic dentistry trend continues - increasing demand for orthodontic procedures (aligners etc), teeth whitening, veneers and crowns.
- Ongoing growth in the corporate dental service organisation (DSO) model.

Environment considerations

Pacific Smiles is not subject to any particular or significant environmental regulation under the law of the Commonwealth or of a state or territory. However, we continue to monitor and evaluate the potential impact of climate-related and sustainability risks in line with evolving stakeholder and regulatory expectations.

Risk Management

Pacific Smiles is subject to various risk factors, both business specific and of a general nature. Pacific Smiles has not identified any specific, material exposure to its economic, social, or environmental sustainability over the long term.

Pacific Smiles has established policies and structures for oversight and management of material business risks. Further information regarding how Pacific Smiles recognises and manages risks can be sourced from the Corporate Governance Statement and related governance policies on the Company website.

The following risk areas and mitigating factors have been identified by Pacific Smiles:

Risk Area	Mitigating Factors & Risk Management Approach
Market Downturns in general economic conditions could adversely impact demand for dental services, given the discretionary nature of some of those services.	Dentists at Pacific Smiles' dental centres provide a range of treatments to patients in several different geographic zones across the eastern states of Australia. Pacific Smiles' attempt to offset increased costs via operating efficiencies from increased scale. Provision of no-gap services via preferred provider agreements also mitigates the out-of-pocket impact to consumers.
Legal, Regulatory and Governance Changes to government regulations and legislation that lead to increased costs.	Pacific Smiles has a risk management framework that considers the risks due to changes in laws and regulations. It is regularly reviewed by its Audit and Risk Management Committee and the Company takes advice from expert counsel regarding its contractual arrangements and regulatory compliance.
Business Model Changes to the nature or extent of private health insurance coverage could impact upon the attendance frequency of patients and the payments received from health insurers. Competition-induced fee pressure could increase competition for patients and the degree to which dentists compete based on fee levels.	Patients of Pacific Smiles' dentists are a mix of privately insured and non-insured individuals and there are various payment plans and treatment payment options available. Pacific Smiles' dental centres are usually differentiated from other local providers and compete based on convenience, value, access and overall patient experience.

For personal use only

Risk Area	Mitigating Factors & Risk Management Approach
Practitioners Under the Service and Facility Agreements between Pacific Smiles and dentists, the dentists may terminate without cause, generally with 3 months' notice. Dentist operating outside scope of practice is also a risk for the business. Should the availability of appropriately skilled and aligned dentists become restricted, then growth and expansion of Pacific Smiles could be slowed.	Pacific Smiles views the dentists as a key customer group and focuses resources accordingly. Dentist engagement remains a priority and is tracked regularly. Dentists choose Pacific Smiles because of the high level of business and clinical support the model provides to their practice, including continuing professional education. A compliance framework is in place to ensure protocols are followed and dentists are well credentialed. A Dental Advisory Committee oversees dentist credentials. In addition, the Clinical Governance framework is responsible for continuous improvement of processes and ensuring good clinical outcomes for patients. A pipeline of dentists is built via ongoing training and development of dentists, including a structured mentoring program for new graduate dentists.
Occupational Health and Safety Transfer of infection to individuals due to safety or sterilisation breaches in a dental centre may lead to harm to individuals and negative reputational impacts on Pacific Smiles as well negative economic consequences.	Pacific Smiles has a clinical governance framework that governs infection control management procedures, including a training program. Clinical risks are coordinated and managed by a dedicated clinical specialist team and monthly audits are undertaken. There is a close focus on internal procedures and clinical governance by management and the Board. This is further enhanced by internal and external appointments to the Dental Advisory Committee. OHS practices and outcomes are a priority for all employees of the Company.

Risk Area	Mitigating Factors & Risk Management Approach
People & Culture Reputational damage – Actions by employees or dentists could give rise to reputational damage to Pacific Smiles and its brands. Pay & Entitlements Staff Turnover	Pacific Smiles focuses on attracting and retaining a diverse workforce that reflects the communities in which we operate, with clear training and onboarding procedures to educate employees on issues that could result in reputational damage. Paying employees correctly and ensuring they are paid correct entitlements is essential to maintaining trust and the company's reputation. Pacific Smiles regularly reviews and enhances baseline controls across the end-to-end pay process. Where possible, automated procedures are utilised to reduce the risk of manual errors. Industrial instruments are proactively reviewed, and management are responsible for staying abreast of changes to industrial relations legislation and ensuring all leaders understand and comply. Employees are an essential component of the services Pacific Smiles provides to dentists and the dentist's patients. Attracting, retaining and engaging team members is crucial. Pacific Smiles provides training programs to assist in the development and retention of team members.

For personal use only

Risk Area	Mitigating Factors & Risk Management Approach
Cyber Security and Data Management Actions whereby the company's IT systems are accessed and result in the failure of or interruption to key IT systems or a material patient privacy breach.	Pacific Smiles Group have cyber security controls in place to minimise technology related business interruptions and to assure the privacy of patient information. Cyber and data roadmaps are in place to continually uplift maturity in both areas to meet operational expectations. A program of continuous external security audits, including adversary simulation exercises, ensures compliance and performance and cyber resilience is maintained.
Technology Effective business operations and technology are inextricably linked and mutually dependent. Both our Information Technology and clinical Operational Technology environment combine to deliver required business performance outcomes. Any loss of critical Technology systems or services would result in business disruption.	A planning for disruption mindset has driven uplift in technology enabled business resilience. Cloud first computing investments underpin the design of the technology platform and enable faster recovery and access to data if required. IT Business Continuity plans continue to evolve, and critical IT business system disruption is insulated via advanced Disaster Recovery process and capability.
Business Continuity Should an event result in the closure, restriction or delay of key consumables or personal protective equipment (PPE) meaning our ability to meet the needs of dentists and their patients could be impacted. Should a pandemic restrict the dental services able to be performed in specific locations, states or nationally due to the risk of infection to staff, dentists and their patients.	Long term relationships with national suppliers and alternate suppliers have been identified. Pacific Smiles closely monitors inventory levels to ensure adequate stock of appropriate personal protective equipment (PPE) is available. A strategy for emergency store of critical PPE is also in place. A process for closely monitoring and adhering to government or professional body recommendations is in place. Procedures for ensuring adequate stocks of appropriate personal protective equipment (PPE) are in place, along with a close focus on internal procedures and clinical governance by management and the Board.
Environmental and Sustainability Risk Climate change and sustainability-related risks pose risk to physical infrastructure and could impact our business operations. Poor sustainability practices and controls could negatively affect stakeholder and community expectations if not managed appropriately.	A comprehensive insurance program is in place to financially protect the business from major catastrophic events to the extent that they are insurable. Pacific Smiles has an executive committee which monitors and has carriage of our efforts to source environmentally responsible or renewable products across our business.
Modern Slavery Risk	Due diligence is undertaken for specific suppliers relative to compliance with the Company's Modern Slavery Policy which is overseen by the Board.

Directors' report	12
Auditor's independence declaration	33
Consolidated statement of profit or loss and other comprehensive income	34
Consolidated balance sheet	35
Consolidated statement of changes in equity	36
Consolidated statement of cash flows	37
Notes to the consolidated financial statements	38
Consolidated entity disclosure statement	67
Directors' declaration	68
Independent auditor's report to the members of Pacific Smiles Group Limited	69
Shareholder information	74
Corporate directory	76

For personal use only

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of Pacific Smiles Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during the year ended 30 June 2025.

Principal activities

The Company principally operates dental centres at which independent dentists practice and provides clinical treatments and services to patients. Revenues and profits are primarily derived from fees charged to dentists for the provision of these fully serviced dental facilities.

Governance

To the extent the Directors regard as appropriate to the size and stage of development of the Company, Pacific Smiles Group has adopted the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Details are provided in the Corporate Governance Statement.

Further details of the key corporate governance policies and practices of the Company during the year are set out in the Corporate Governance Statement. Full details of the Corporate Governance Statement are available on the Company website.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Board Skills and Experience

Pacific Smiles Group Board comprises Directors with a diverse range of skills, experience, and backgrounds to support the effective governance and robust decision-making of the Company, with a particular focus on the key desired areas listed below. An assessment of the optimum mix of these skills and experience takes place at least annually, noting not all Directors are expected to hold advanced capability in every area.

For personal use only

In addition to skills and expertise, we also consider personal attributes of Directors in the renewal process and the annual Board performance review process, to continuously enhance Director engagement, interaction, and effectiveness. A summary of the key skills and experience of the current Directors against those identified in the skills matrix is set out below:

Board Skill	Definition	Number of Directors
Dentistry/Dental Industry Experience	An experienced Dentist with a commercial mindset, ideally with a background running multiple practices and demonstrated industry thought leadership.	3
Healthcare Industry Experience	Extensive experience in healthcare, health insurance or a related category that manages the treatment of patients, ideally at multi-site locations.	5
Leadership & Commercial Acumen	Experience as a C-suite level executive of a significant organisation with proven ability to consistently deliver results, run complex businesses/business units and lead complex projects.	6
Strategy	Expertise and experience in identifying and critically assessing strategic opportunities and threats, including constructively questioning and challenging business plans and overseeing successful transformation and growth in large, complex organisations to create sustained, resilient business outcomes.	6
Finance/Accounting	Proficiency and expertise in capital management, financial accounting and corporate reporting, including understanding the key financial drivers of the business, the ability to probe the adequacies of internal financial controls and systems and investor relations.	6
Property	Experience in property management including asset utilization, leasing, asset management, capital allocation and multi-location roll out.	5
Governance	Demonstrated experience in, or commitment to best practice corporate standards, as well as the oversight of corporate governance frameworks, policies & processes, ideally in an ASX environment.	6
Marketing, Digital and Data	Extensive experience leading both B2B and B2C Marketing teams with functional leadership overseeing advertising, brand, customer relationship management & customer experience. In addition, expertise and experience in innovation, adoption and implementation of new technologies, digital disruption, leveraging digital technologies, understanding the use of data and data analytics.	5
Stakeholder Engagement	Experience developing stakeholder engagement plans including an understanding of who the stakeholders are, the status of the relationship and what responsibilities the company has to them, as well as experience managing multiple stakeholders in complex environments.	6
Risk Management	Experience in anticipating, recognising and managing risks, including regulatory, financial, and non-financial risks.	4
People Management	Experience leading teams, developing remuneration plans and strategies, remuneration governance, strong understanding of remuneration policies and implications, OHS practices and governance and oversight and development of corporate.	6

For personal use only

Directors

Pacific Smiles experienced a number of changes to its Board and executive leadership in FY 2025. Dr Michael Caristo was appointed Non-Executive Chair following the retirement of Ms Zita Peach in August 2024. Mr Gary Carroll commenced as Managing Director and CEO in October 2024 following the resignation of Mr Andrew Vidler. Several new Directors were appointed following the change in control of the Company, contributing to a refreshed Board with expanded skills and experience.

The directors of the Company at any time during or since the end of the financial year are:

Name:	Dr Michael Caristo
Title:	Non-Executive Chair, appointed December 2024. Member of the Nomination and Remuneration Committee and Audit and Risk Management Committee.
Qualifications:	B.Sc.(Med)(Hons)
Experience and expertise:	Michael Caristo is a Founding Partner of Genesis Capital. Before establishing Genesis Capital, he was an investment professional at a leading Australian private equity firm and served as a non-executive director on several portfolio businesses. Dr Caristo began his career at Bain & Company, where he specialised in transaction services. Michael holds a Bachelor of Science (Honours) and a Bachelor of Medicine and Surgery (Honours) from the University of New South Wales. He is also a published contributor in the field of stem-cell research. Michael is currently director of Genesis Capital portfolio companies Sana Health Group, Impression Dental, Crux Biolabs, Syntro and Momentum Research as well as a former director of Avance, Agilex and SmartClinics.

Other current ASX directorships:
Former ASX directorships (last 3 years):
Interests in shares:

Name:	Mr Gary Carroll
Title:	Managing Director and Chief Executive Officer, appointed October 2024.
Qualifications:	B.Com LLB, FCPA
Experience and expertise:	Gary Carroll is a seasoned senior executive with significant experience in stabilising, growing and transforming companies with large-scale, distributed networks. He has held a number of senior roles in multi-site organisations where he's been responsible for optimising sites through operational and cultural transformations. He has particular expertise using marketing, customer and consumer insights to drive growth. Most recently, Gary was CEO of MindChamps Australia, a premium early learning centre group. Most notable is Gary's time at ASX-listed G8 Education where he joined as CFO in 2016, and 6 months later was appointed as CEO and successfully led Australia's largest provider of quality early childhood education and care with over 400 centres nationwide until 2022. Prior to G8, Gary spent ten years at ASX-listed Super Retail Group in a range of senior management roles, including Group CFO and Chief Supply Chain Officer. During this time, Super Retail Group more than trebled in size, which was driven by network growth and a number of critical development projects that transformed and grew the network.

Other current ASX directorships:
Former ASX directorships (last 3 years): G8 Educated Limited
Interests in shares: nil

For personal use only

Name: Ms Tara Hariharan
Title: Non-Executive Director appointed December 2024. Member of the Nomination and Remuneration Committee.
Qualifications: LLB/B.Com.(Hons, First Class)
Experience and expertise: Tara is an Investment Manager at Genesis Capital. Prior to this, she was a management consultant at Bain & Company, and has worked across the healthcare, financial services, and not-for-profit sectors. Tara holds a Bachelor of Laws and Bachelor of Commerce from the University of Sydney. She received Honours (First Class) in Health Economics for her work on the early-childhood determinants of adulthood outcomes and has published papers in this field.
 Tara is currently a Director of Genesis Capital portfolio company Impression Dental Group.

Other current ASX directorships:
Former ASX directorships (last 3 years):
Interests in shares:

nil

Name: Mr Chris Yoo
Title: Non-Executive Director appointed December 2024. Member of the Audit and Risk Management Committee.
Qualifications: B.Eng./LLB
Experience and expertise: Chris Yoo is a Founding Partner of Genesis Capital. Prior to Genesis Capital, he was a Partner, member of the investment committee and Principal at globally recognised private equity firms.
 Chris has held numerous directorships and board roles at various companies and currently serves as a Director of Genesis Capital portfolio companies General Homecare, Therapy Pro, HealthBright, Lifecare Consultants, and Southern Cross Support Services. Additionally, Mr Yoo is a non-executive director at For Purpose Investment Partners, an organisation focused on investing in projects and enterprises that deliver long-term positive social outcomes for Australian communities.
 Chris holds a Bachelor of Engineering and Bachelor of Laws from the University of Sydney.

Other current ASX directorships:
Former ASX directorships (last 3 years):
Interests in shares:

nil

For personal use only

Name: Mr Steven Rubic
Title: Non-Executive Director, appointed May 2023. Chairman of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee.
Qualifications: B.Health Admin, M.B.A, FAICD, FACHSM
Experience and expertise: Mr Steven Rubic
 Non-Executive Director, appointed May 2023.
 Steven Rubic is an experienced Non-Executive Director and is currently Deputy Chair of InvoCare funerals & crematoria business, a Non-Executive Director of the Mater Hospitals Group, and Catholic Healthcare Limited governing its retirement living & residential aged care business.
 Previously, Steven has chaired organisations including the NSW Private Hospitals Association and Monte Sant' Angelo College. His board leadership extends to roles at the Garvan Institute of Medical Research, the Chris O'Brien Lifehouse, the Macquarie University Council and the Health Industry Superannuation Plan.
 With over 25 years of executive leadership, Steven has held CEO positions at St Vincent's & Mater Health Sydney, I-MED Radiology Network and Healthscope.
 Invocare Ltd (delisted 2023)

Other current ASX directorships:
Former ASX directorships (last 3 years):
Interests in shares: nil

Name: Mr Brent Cubis
Title: Non-Executive Director, appointed October 2024. Chairman of the Audit & Risk Committee and Member of the Nomination and Remuneration Committee.
Qualifications: B.Com, ACA, AICD
Experience and expertise: In his executive career, Brent was Chief Financial Officer at a number of healthcare and multi-site businesses including Cochlear Ltd, National Home Doctor Service Ltd, Fitness First Ltd and Chris O'Brien Lifehouse Ltd. Following his executive career, he has held a number of Non-Executive director roles and is currently a Non-Executive Director on the boards of AI Media, ARN Media, Silverchain Group and Austal Ltd and is the Chair of the Audit & Risk Committee for each of these companies.
 Brent has a Bachelor of Commerce and is an Australian Chartered Accountant and a Graduate Member of the Australian Institute of Company Directors. In his spare time, he sits on the board of not-for-profit Canteen, the only organisation in Australia dedicated to providing tailored support for young people impacted by cancer.
Other current ASX directorships: AI Media Technologies, ARN Media Ltd, Austal Limited
Former ASX directorships (last 3 years): A2B Australia Ltd, EML Payments Ltd, Prime Media Group Limited (delisted 2024)
Interests in shares: nil

The following persons were Directors of the Company at the beginning of the financial year up to their resignation or retirement date.

Name:	Ms Zita Peach
Title:	Non-Executive Chair, appointed February 2020. Non-Executive Director, appointed August 2017. Retired August 2024. Member of the Nomination and Remuneration Committee.
Qualifications:	BSc, FAICD, FAMI
Experience and expertise:	Zita has more than 25 years of commercial experience in the pharmaceutical, biotechnology, medical devices and health services industries. She has extensive sales and marketing experience across a broad range of sectors in healthcare, locally and internationally, as well as leading international expansions and conducting major business transactions. At leading global healthcare company Fresenius Kabi, Zita was Executive Vice President for South Asia Pacific, Managing Director for Australia and New Zealand and Chair of the Boards for Malaysia, Australia and New Zealand. Zita was Vice President of Business Development at CSL Limited and has an extensive track record in mergers and acquisitions deals, licencing and commercialising products and technologies on a global scale. Zita is a Non-Executive Director of Monash IVF Group Limited and incoming Chair of the Olivia Newton John Cancer Research Institute. Zita is also a Non- Executive Director of three privately held companies, Icon Group Pty Ltd, Nucleus Network Pty Ltd and VetPartners Pty Ltd. Zita is a Fellow of the Australian Institute of Company Directors and of the Australian Marketing Institute.
Other current directorships:	Monash IVF Group Limited
Former directorships (last 3 years):	Starpharma Holdings Limited
Interests in shares:	nil
Name:	Mr Andrew Vidler
Title:	Managing Director and Chief Executive Officer, appointed January 2024. Resigned October 2024.
Qualifications:	B.A, B.Bus
Experience and expertise:	Andrew is an accomplished senior executive with over 30 years of experience in retail, consumer products, and health industries. He excels in driving growth and innovation within large and complex businesses, focusing on building high-performing teams that are market-oriented and customer-centric. Andrew's leadership style is anchored in values and relationships, as demonstrated during his successful tenure leading Priceline and Priceline Pharmacy, navigating through the pandemic and overseeing the transition to new ownership with Wesfarmers. Prior to this, he spent over two decades at EBOS Group Ltd, establishing a comprehensive career in Consumer Health and Pharmacy retailing.
Other current directorships:	Wellnex Life
Former directorships (last 3 years):	
Interests in shares:	nil

For personal use only

Name: Mr Mark Bloom
Title: Non-Executive Director, appointed October 2019. Member of the Audit and Risk Management Committee. Resigned August 2024.
Qualifications: B.Comm, B.Acc, CA ANZ
Experience and expertise: Up until April 2019, Mark held the position of Chief Financial Officer at ASX 20 listed Scentre Group Limited (Owner and operator of Westfield in Australia and NZ). Mark's executive career as a Finance Executive has spanned 36 years as Chief Financial Officer and an Executive Director at 3 top 20 listed entities in Real Estate (Westfield and Scentre Group – 16 years) and Insurance and diversified Financial Services (Liberty Life, South Africa and Manulife Financial, Toronto – 20 years). He has had extensive experience in running global and local Finance and IT teams encompassing Treasury, Tax, Operations Finance, Compliance, Risk Management, Financial Reporting, Legal and Information Technology. Mark has extensive experience in corporate transactions and restructuring. Mark is a Non-executive Director at AGL Energy Limited, EBOS Group Limited, Metropolitan Memorial Parks and Abacus Storage King
Other current directorships: AGL Energy Limited, EBOS Group Limited and Abacus Storage King
Former directorships (last 3 years): Abacus Property Group Limited
Interests in shares: nil

Name: Dr Scott Kalniz
Title: Non-Executive Director, appointed January 2021. Member of the Audit and Risk Management Committee. Resigned December 2024.
Qualifications: DDS and BS in Business Administration, Economics (The Ohio State University)
Experience and expertise: Dr. Kalniz has over 25 years of dental industry experience in the United States. Scott's current role is Chief Dental Officer and VP of Network Development at Beam Benefits, an employee benefits company. Scott is also a director on the following private equity boards: Signature Dental Partners, Premier Dentist Partners and Smiles America Partners. He started his career as a practicing dentist with a single location practice and purchased a number of other dental practices, eventually selling his group to North American Dental. At North American Dental, he helped grow the business to over 50 locations. Dr. Kalniz then partnered with a private equity firm, as CEO and Chief Dental Officer, to create a new Chicago headquartered Dental Services Organisation (DSO), Elite Dental Partners. In under 5 years, the business grew to over 110 locations in 12 states. Dr. Kalniz retired from the Board of Elite Dental Partners in September 2020.
Other current directorships: Signature Dental Partners
Former directorships (last 3 years): Elite Dental Partners Heartland Veterinary Partners
Interests in shares: nil

Name:	Ms Giselle Collins
Title:	Non-Executive Chair, appointed August 2024. Non-Executive Director, appointed November 2023. Chair of the Audit & Risk Management Committee. Resigned December 2024.
Qualifications:	BEC, GDipAppFin, CA, GAICD
Experience and expertise:	Giselle Collins is a Director with significant executive experience in property, tourism and financial services as well as having worked in professional services with KPMG in Sydney, London and Zug, Switzerland and at NRMA Motoring & Services as GM in charge of Treasury, Property, Holiday Parks and the investment in the Travelodge Hotel Group. Giselle's past board experience includes being the Chairman of Aon Superannuation, Chairman of the Travelodge Hotel Group and Chairman of the Heart Research Institute, as well as having served on the Boards of BIG4 Holiday Parks, Vinomofu, ASX listed Peak Rare Earths and the Royal Australian Institute of Architects. Giselle is currently Chairman of Hotel Property Investments (ASX:HPI), a non-executive Director and Chairman of the Audit Committee for both Generation Development Group (ASX:GDG). Giselle is also Chairman of the Responsible Entity for AMP's registered managed investment schemes and Director of Group Homes Australia Pty Ltd.
Other current directorships:	Hotel Property Investments, Generation Development Group
Former directorships (last 3 years):	Peak Rare Earths, Cooper Energy
Interests in shares:	nil
Name:	Ms Jodie Leonard
Title:	Non-Executive Director, appointed May 2023. Member of the Nomination and Remuneration Committee and appointed Chair of Nomination and Remuneration Committee on 30 June 2023. Resigned December 2024.
Qualifications:	B Bus, Marketing, FAICD
Experience and expertise:	Jodie is an experienced Non-Executive Director and Remuneration Committee Chair of ASX listed and public companies. Her portfolio focusses on scaling companies for growth and transforming business models to drive profitability. She has a deep understanding of ASX and regulated entity governance and has also chaired both Risk and Audit committees. Jodie has expertise in strategic planning, digital innovation, and marketing, with expertise across a diverse range of industries including technology, banking & financial services, consumer goods, healthcare, media, and travel & tourism. She previously held Executive roles in blue chip companies including General Electric, British Airways, Telstra, Nine Network, Unilever and Colgate, during which time she worked in global oral care in New York. She has also served on a range of public Boards including the RACV Limited, Beyond Bank Australia Limited, Kinetic Superannuation Limited, the Great Ocean Road Coast & Parks Authority and is currently also on the Board of Barwon Water.
Other current directorships:	Regis Aged Care Limited
Former directorships (last 3 years):	XPON Technology Group Ltd, X2M Connect Ltd, Flexigroup Ltd (now HUMM Group Ltd), BWX Ltd, Selfwealth Ltd
Interests in shares:	nil

For personal use only

Executive Team

Mr Gary Carroll
Managing Director and
Chief Executive Officer
B.Com LLB, FCPA

Biography available in Director's section.

Mr Martin White
Chief Financial Officer,
appointed 14 April
2025. B.Ec Hons, CA,
AICD

Martin White is a finance executive with over 20 years of experience across healthcare, for-purpose organisations, manufacturing, and mining services.

Since joining Pacific Smiles in 2021, he has shaped the company's financial strategies, driving organic growth and navigating macroeconomic challenges. Previously, Martin has held senior finance roles at Life Without Barriers, General Electric, and REMA TIP TOP, where he developed expertise in finance operations, strategic planning, and risk management.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Board Meetings		Audit & Risk Committee		Nomination & Remuneration Committee	
	Held ⁸	Attended	Held	Attended	Held	Attended
Dr Michael Caristo ¹	6	6	2	2	2	2
Mr Chris Yoo ¹	6	3	2	2		
Ms Tara Hariharan ¹	6	5			2	1
Mr Steven Rubic	27	27	2	2	5	5
Mr Brent Cubis ²	13	11	2	2	2	2
Mr Gary Carroll ³	13	13				
Ms Zita Peach ⁴	10	10			2	2
Mr Andrew Vidler ⁵	14	14				
Mr Mark Bloom ⁶	8	8				
Dr Scott Kalniz ⁷	22	19	1	1		
Ms Giselle Collins ⁷	22	21	1	1	1	1
Ms Jodie Leonard ⁷	22	22			3	3

¹ Appointed 16 December 2024.

² Appointed 9 October 2024.

³ Appointed 14 October 2024.

⁴ Retired 28 August 2024.

⁵ Resigned 28 October 2024.

⁶ Resigned 9 August 2024.

⁷ Resigned 16 December 2024.

⁸ Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Company Secretary

Elizabeth Spooner and David Hwang of Confidant Partners are the Joint Company Secretaries.

Indemnity and insurance of officers

During or since the end of the financial year, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Directors, officers and employees of the Company and its subsidiaries against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Non-audit services

In FY 2025, the following fees were paid or payable for services provided to KPMG, the auditor of the Company:

	2025 \$	2024 \$
Audit services - audit and review of the financial statements	209,000	200,000
Other services – tax compliance and advisory services	45,711	55,330
Other services – other advisory services	<u>34,485</u>	<u>57,997</u>
	<u>80,196</u>	<u>113,327</u>
	<u>289,196</u>	<u>313,327</u>

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for non-audit services provided during the year are set out above. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollar.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2025 has been received and can be found on page 33 of the financial report.

Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

Other Information

The following information, contained in other sections of this Financial Report, forms part of this Directors' Report:

1. Operating and Financial Review details in pages 1 to 10 inclusive in the Financial Report.
2. Matters subsequent to end of the financial year as outlined in page 12.
3. The Remuneration Report on pages 23 to 32.
4. Auditor's Independence Declaration on page 33.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Caristo
Chairperson

13 August 2025

For personal use only

Remuneration report (audited)

The Board of Directors are pleased to present the Remuneration Report for the Pacific Smiles Group for the financial year ended 30 June 2025.

This report details the Key Management Personnel (**KMP**) remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

1.0 Remuneration at a Glance

Our remuneration framework is designed to support delivery of Pacific Smiles Group’s strategic priorities:



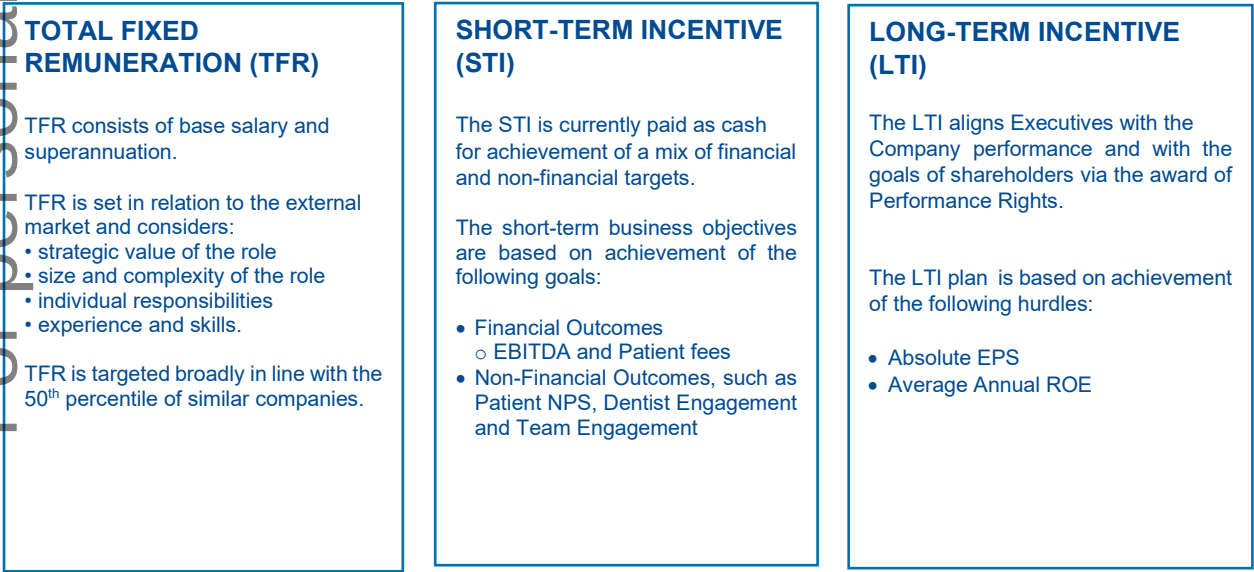
Remuneration Principles

Clear principles guide our remuneration strategies and form the basis of Pacific Smiles Group’s Remuneration Policy. The key principles are:



1.1 Remuneration Framework

The remuneration framework has been designed to align Executive reward to shareholders’ interests.



2.0 Executive KMP Remuneration

The Company aims to reward Executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives, and the creation of shareholder value;
- transparent;
- acceptable to shareholders; and
- reward for performance.

The Executive remuneration and reward framework has four components:

- (i) fixed remuneration which primarily consists of base salary and superannuation;
- (ii) short-term performance incentives (**STIs**);
- (iii) long-term incentives (**LTIs**); and
- (iv) other remuneration such as statutory benefits, including long service leave.

The combination of these comprises the Executive's total remuneration.

In FY 2025, the Short-Term Incentive plan (**STI**) is based on awarding cash remuneration for the achievement of key delivery of financial and experience outcomes. This structure incorporates shareholder feedback and benchmarking management remuneration. STI outcomes are based on measurement of target outcomes and release of the audited financial accounts. Executives are eligible to earn an STI payment as a percentage of Total Fixed Remuneration (TFR – base salary + superannuation) as follows.

Executive KMP	Eligible STI %
CEO	60%
CFO	40%

2.1 Short Term Incentive (STI)

The STI framework for FY25 was based on financial and non-financial targets as follows:

70% weighting for financial KPIs, based on Board-approved Patient Fees and EBITDA targets; and
30% weighting for non-financial KPIs covering various operating targets such as Patient NPS, Dentist Engagement, Team Engagement and delivery of strategic change programs.

The key terms and conditions of the STI plan are as follows.

Plan Rules	Description
Performance Period	1 July 2024 to 30 June 2025
Hurdles	Gateway Hurdles must be met to be eligible for an STI payment. An STI payment will not be eligible for payment if any of the three of the hurdles are not met.
Performance Metrics	Financial – 70% weighting as outlined in table above. Non-Financial – 30% weighting for achievement of various operating targets, such as Dentist Engagement, Patient NPS, Team Engagement and delivery of strategic change programs.
Payment Format	Cash
Board Discretion	The Board has discretion to vary, amend, terminate or suspend the plan at any time, but any such variation, amendment, termination or suspension will not adversely affect or prejudice the participants holding the equity incentive. In particular, the Board also has the right to make such variation or amendments in the event of a Change of Control and a major transaction, and/or capital raising is undertaken.

FY 2025 STI Outcomes

For the FY2025 year, Patient Fees and Underlying EBITDA exceeded the Board-approved targets. In addition, non-financial targets relating to Dentist Engagement, Patient NPS and Team Engagement were met. Delivery of certain targeted strategic change programs was behind expectation as at the end of the FY25 year. On this basis, the Board determined that 100% of STI outcomes were achieved for the Chief Financial Officer with the Chief Executive Officer and Managing Director achieving 90% of STI outcomes.

The following table shows the split of STI earned between financial and non-financial STI targets.

	2025 % of STI paid to CEO	2024 % of STI paid to CEO	2025 % of STI paid to CFO	2024 % of STI paid to Exec KMP
Financial targets	70%	16%	70%	16%
Non-financial targets	20%	10%	30%	10%
Total STI Achieved	90%	26%	100%	26%

2.2 Long-Term Incentive (LTI)

The LTI plan is designed to assist in the motivation, retention, and reward of Executives. The LTI plan is designed to align the interests of Executives more closely with the interests of shareholders by providing an opportunity for Executives to receive an equity interest in the Company through the granting of Performance Rights based on the achievement of long-term financial targets.

All outstanding Performance Rights were either vested or forfeited in accordance with the plan rules following the change of control transaction completed in December 2024. As at 30 June 2025, no Performance Rights remain on foot under the LTI plan.

2.3 Service Agreements

Remuneration and other terms of employment for Executives are formalised in employment contracts. The employment contracts specify the remuneration arrangements, benefits, notice periods and other terms and conditions. Participation in the STI and LTI plans are subject to the Board's discretion.

The current Executive contracts do not have fixed terms. Contracts may be terminated by the Executive with notice, or by the Company with notice or by payment in lieu of notice.

Executive KMP	Role	Period of notice from Company	Period of notice from employee	Termination payments
Mr Gary Carroll	Chief Executive Officer	6 months	6 months	6 months
Mr Martin White	Chief Financial Officer	6 months	6 months	6 months

3.0 Governance

3.1 The Role of the Board

The Board is responsible for the Company's remuneration policies and practices. The role of the Board is to ensure that appropriate and effective remuneration packages and policies are in place to attract and retain high quality Executives and Non-Executive Directors, and to motivate Executives to create value for shareholders.

When reviewing performance and determining incentive outcomes, the Board ensures that performance outcomes align with market-reported outcomes, management activity and shareholder outcomes. To achieve this alignment, the Board retains discretion over final performance and incentive outcomes and recognises that there are limited cases where adjustments should be sought.

The Board also monitors compliance with Board approved remuneration policies and practices and stays abreast of remuneration trends and the general external environment.

3.2 The Role of the Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee's role is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and Executives, and to ensure the remuneration policies and practices are appropriate and aligned to Company performance and shareholder expectations.

Under its delegation of authority, the NRC is empowered by the Board to engage external consultants and other professional advisors if necessary to carry out its duties. The NRC ensures the CEO is not present at any discussions relating to the determination of their own remuneration.

3.3 The Role of Independent Remuneration Advisors

From time to time, the NRC may receive advice from independent remuneration consultants on benchmarks for Non-Executive Director and Executive remuneration arrangements, no independent remuneration consultants were engaged in FY25. Benchmarks consider similar organisations in the Australian market where it competes for talent. If advisors are engaged, they report directly to the Chair of the NRC. The agreement for the provision of remuneration consulting services is executed by the Chair of the NRC under delegated authority on behalf of the Board.

4.0 KMP and Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors should reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee and may consider independent benchmark information to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions about her own remuneration determination.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 20 November 2017, where the shareholders approved a maximum annual aggregate remuneration of \$800,000. For the financial year ended 30 June 2025, the fees payable to the current Non-Executive Directors (whether in cash or securities) did exceed \$800,000 in aggregate due to special exertions in connection with the off-market take over.

Role	FY 2025 Fixed Remuneration inclusive of superannuation
Chair	\$200,000
Non-Executive Directors	\$100,000
Committee Chair	\$20,000
Committee member	\$10,000

In December 2024, the Pacific Smiles Board approved the payment of \$135,616 additional remuneration in total shared between each of the Non-Executive Directors to recognise the additional time and services outside the scope of their ordinary duties that was provided in connection with the off-market takeover bid. In total during FY 2025 \$152,768 (inclusive of the above amount) was paid as special exertion payments to Non-Executive Directors.

The constitution of Pacific Smiles permits Pacific Smiles Directors to be paid special remuneration where they are called on to perform extra services or make any special exertions in connection with the affairs of Pacific Smiles. The Board considered that the performance of these additional services was necessary to facilitate the provision of the off-market take over.

4.1 Details of Remuneration

The Key Management Personnel of the Company consisted of the following Non-Executive Directors of Pacific Smiles Group Limited for the full year unless specified:

- Dr Michael Caristo (Chair, appointed 16 December 2024)
- Mr Chris Yoo (appointed 16 December 2024)
- Ms Tara Hariharan (appointed 16 December 2024)
- Mr Brent Cubis (appointed 3 October 2024)
- Mr Steven Rubic
- Ms Zita Peach (Chair, retired on 28 August 2024)
- Dr Scott Kalniz (resigned effective 16 December 2024)
- Ms Jodie Leonard (resigned effective 16 December 2024)
- Ms Giselle Collins (resigned effective 16 December 2024)
- Mr Mark Bloom (resigned 9 August 2024)

And the following Executive KMP:

- Mr Gary Carroll (Group CEO and Managing Director (**CEO**) appointed 14 October 2024)
- Mr Martin White (Acting Chief Financial Officer from 27 January 2025 to 14 April 2025 and was appointed as Chief Financial Officer (**CFO**) effective 14 April 2025)
- Mr Paul Robertson (Chief Commercial Officer – CCO, ceased being KMP effective 14 April 2025)
- Mr Andrew Vidler (Managing Director and Chief Executive Officer – CEO, appointed 15 January 2024, resigned effective 28 October 2024)
- Mr Matthew Cordingley (Chief Financial Officer – CFO, resigned effective 24 January 2025)

Details of the remuneration of Key Management Personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Other	Super-annuation	Long service leave	Rights	
2025	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Dr Michael Caristo ¹	120,000	-	-	-	-	-	120,000
Mr Chris Yoo ¹	60,000	-	-	-	-	-	60,000
Ms Tara Hariharan ¹	60,000	-	-	-	-	-	60,000
Mr Brent Cubis ²	103,250	-	-	4,399	-	-	107,649
Ms Zita Peach ³	26,994	-	-	-	-	-	26,994
Dr Scott Kalniz ⁴	69,562	-	-	-	-	-	69,562
Ms Jodie Leonard ⁴	87,533	-	-	10,066	-	-	97,599
Mr Steven Rubic	129,190	-	-	13,436	-	-	142,626
Ms Giselle Collins ⁴	128,812	-	-	-	-	-	128,812
Mr Mark Bloom ⁵	11,414	-	-	1,313	-	-	12,727
Executive Directors:							
Mr Gary Carroll ⁶	429,279	170,100	-	22,449	1,036	-	622,864
Mr Andrew Vidler ⁷	229,278	-	-	12,433	(728)	-	240,983
Other Key Management Personnel:							
Mr Martin White ⁸	116,339	56,269	-	12,703	3,713	-	189,024
Mr Paul Robertson ⁹	317,565	137,692	-	30,155	13,209	1,247,854	1,746,475
Mr Matthew Cordingley ¹⁰	273,632	-	-	16,304	(8,264)	1,229,029	1,510,701
	<u>2,162,848</u>	<u>364,061</u>	<u>-</u>	<u>123,258</u>	<u>8,966</u>	<u>2,476,883¹¹</u>	<u>5,136,016</u>

¹Appointed 16 December 2024

²Appointed 3 October 2024

³Retired 28 August 2024

⁴Resigned 16 December 2024

⁵Resigned 9 August 2024

⁶Appointed 14 October 2024

⁷Resigned 28 October 2024

⁸Appointed as Acting CFO 27 January 2025, appointed to CFO 14 April 2025

⁹Ceased being KMP on 14 April 2025

¹⁰Resigned 24 January 2025

¹¹Includes the accounting expense recognised in relation to performance rights that vested during the year as a result of the change of control transaction. In accordance with the terms of the Long-Term Incentive Plan, unvested rights held by eligible KMP were accelerated and vested on change of control, resulting in a non-cash remuneration expense being recognised in the current year. This amount represents the market value of the performance rights that vested in favour of the employee.

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments ⁸		Total
	Cash salary and fees \$	Cash bonus \$	Other \$	Super-annuation \$	Long service leave \$	Cash Rights	Rights \$		
2024									
Non-Executive Directors									
Ms Zita Peach ¹	145,946	-	-	16,054	-	-	-	-	162,000
Dr Scott Kalniz ²	97,000	-	-	-	-	-	-	-	97,000
Ms Jodie Leonard	94,453	-	-	9,547	-	-	-	-	104,000
Mr Steven Rubic	91,892	-	-	10,108	-	-	-	-	102,000
Ms Giselle Collins ³	75,908	-	-	-	-	-	-	-	75,908
Mr Mark Bloom ⁴	93,694	-	-	10,306	-	-	-	-	104,000
Mr Simon Rutherford ⁵	38,333	-	-	-	-	-	-	-	38,333
Executive Directors:									
Mr Andrew Vidler ⁶	286,290	43,200	-	16,232	728	38,672	-	-	385,122
Mr Phil McKenzie ⁷	92,694	-	-	4,487	(24,578)	-	(1,477,249)	(1,404,646)	
Other Key Management Personnel:									
Mr Paul Robertson	346,099	51,350	-	27,587	15,179	-	24,067 ⁹	-	464,282
Mr Matthew Cordingley	444,923	45,257	-	28,134	2,828	-	214,209	-	735,351
	1,807,232	139,807	-	122,455	(5,843)	38,672	(1,238,973)	-	863,350

¹Retired with effect from the release of results on 28 August 2024

²Dr Kalniz is a non-resident of Australia and superannuation is therefore not applicable

³Appointed 22 November 2023

⁴Resigned 9 August 2024

⁵Retired 22 November 2023

⁶Appointed 15 January 2024

⁷Resigned 31 August 2023

⁸Reflects the movement in the carrying value of Performance Rights

⁹Value includes adjustment for lapsing of Tranche 6 Performance Rights

For personal use only

1.1 At Risk Remuneration Summary

The proportion of remuneration linked to performance and the fixed proportion are as follows.

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2025	2024	2025	2024	2025	2024
Non-Executive Directors						
Dr Michael Caristo ¹	100%	100%				
Mr Chris Yoo ¹	100%	100%				
Ms Tara Hariharan ¹	100%	100%				
Mr Brent Cubis ²	100%	100%				
Ms Zita Peach ³	100%	100%				
Dr Scott Kalniz ⁴	100%	100%				
Ms Jodie Leonard ⁴	100%	100%				
Mr Steven Rubic	100%	100%				
Ms Giselle Collins ⁴	100%	100%				
Mr Mark Bloom ⁵	100%	100%				
Executive KMP						
Mr Gary Carroll ⁶	65%		35%			
Mr Martin White ⁷	67%		21%		13%	
Mr Andrew Vidler ⁸	100%	41%		25%		34%
Mr Matthew Cordingley ⁹	19%	53%		21%	81%	26%
Mr Paul Robertson ¹⁰	20%	47%	8%	24%	72%	29%

¹Appointed 16 December 2024

²Appointed 3 October 2024

³Retired 28 August 2024

⁴Resigned 16 December 2024

⁵Resigned 9 August 2024

⁶Appointed 14 October 2024

⁷Appointed as Acting CFO 27 January 2025, appointed to CFO 14 April 2025

⁸Resigned 28 October 2024

⁹Resigned 24 January 2025

¹⁰Ceased being a KMP 14 April 2025

Cash STI Bonus Forfeited

The proportion of the cash bonus paid/payable or forfeited is as follows.

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2025	2024	2025	2024
Executive KMP				
Mr Gary Carroll	90%		10%	
Mr Martin White	100%		0%	

Share-based compensation

Issue of shares

There were no Shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2025.

Options

There were no Options over Ordinary Shares issued to Directors and other Key Management Personnel as part of compensation that were outstanding as of 30 June 2025.

Performance Rights

Under the LTI plan, Performance Rights have been granted to certain Executives. These Performance Rights were to vest after three years (the performance period) and were conditional on the achievement of relevant performance and service conditions outlined. Following the change of control transaction completed in December 2024, all outstanding Performance Rights were dealt with in accordance with the plan rules — with a portion vesting and the remainder forfeited based on the applicable conditions and individual circumstances.

1.2 KMP Performance Rights

Change of Control – Vesting of Performance Rights

During the financial year, all outstanding performance rights held by Key Management Personnel (KMP) vested or forfeited following a change of control transaction completed in December 2024. In accordance with the terms of the Performance Rights Plan, the Board exercised its discretion to accelerate vesting upon the change of control, consistent with the plan rules. As a result, a total of 2,042,035 performance rights vested and were converted to ordinary shares at no cost to the KMP. The value of these rights at the vesting date is disclosed in the share-based payments table.

The terms and conditions of each grant of Performance Rights over ordinary shares affecting remuneration of Directors, Key Management Personnel and other members of the Executive team in FY 2025 or previous reporting years are as follows.

Grant date	Number of Rights granted	Vesting date	Fair value per Right at grant date	Number of Rights forfeited in FY 2025	Number of Rights vested in FY 2025	Number of Rights that remain on foot as of 30 June 2025
30/11/2020	2,902,430	30/11/2024	\$0.88	(1,747,828)	1,154,602	-
30/11/2021	2,500,000	30/11/2025	\$1.32	(1,756,411)	743,589	-
07/12/2023	598,486	15/09/2026	\$0.53	(509,530)	88,956	-
13/05/2024	57,143	01/08/2024	\$1.75	(28,572)	28,571	-
08/05/2024	76,248	01/08/2024	\$1.90	(49,932)	26,316	-

Performance Rights holding

The following table provides details of the number of Performance Rights over Ordinary Shares movement during the year by Key Management Personnel of the Group, including their personally related parties. All performance rights on foot either vested or forfeited in full upon change of control in December 2024.

Performance Rights over Ordinary Shares	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
Mr Martin White ¹	57,143	-	28,572	(28,572)	-
Mr Paul Robertson ²	844,038	-	629,434	(214,604)	-
Mr Matthew Cordingley ³	829,002	-	619,939	(209,063)	-
	1,730,183	-	1,277,945	(452,239)	-

¹KMP from 14 April 2025

²Ceased being a KMP 14 April 2025

³Resigned 24 January 2025

The number of Performance Rights over Ordinary Shares in the Company held during the financial year by Key Management Personnel of the Group, including their personally related parties, is set out below. All performance rights on foot either vested or forfeited in full upon change of control in December 2024.

	Balance 30/11/2021	07/12/2023	30/06/2024	30/06/2025
Mr Gary Carroll	-	-	-	-
Mr Martin White ¹	-	-	57,143	-
Mr Paul Robertson ²	322,371	166,667	844,038	-
Mr Matthew Cordingley ³	317,831	161,171	829,002	-
	640,202	327,838	1,730,183	-

¹KMP from 14 April 2025

²Ceased being a KMP 14 April 2025

³Resigned 24 January 2025

KMP Cash Rights

Grant date	Number of Rights granted	Vesting date	Fair value per Right at grant date	Number of Rights forfeited in FY 2025 ¹	Number of Rights that remain on foot as of 30 June 2025
15/01/2024	225,600	01/08/2024	\$1.00	(225,600)	-

¹ Cash rights held by the former CEO were forfeited upon resignation in accordance with plan rules.

1.3 KMP and Non-Executive Director Shareholding

The number of Shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below. All shares were disposed of as part of the change of control transaction completed in December 2024. No shares were held by KMP or Directors as at 30 June 2025.

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary Shares					
Non-Executive Directors					
Dr Michael Caristo ¹	-	-	-	-	-
Mr Chris Yoo ¹	-	-	-	-	-
Ms Tara Hariharan ¹	-	-	-	-	-
Mr Brent Cubis ²	-	-	-	-	-
Ms Zita Peach ³	135,000	-	-	(135,000)	-
Dr Scott Kalniz ⁴	10,000	-	-	(10,000)	-
Ms Jodie Leonard ⁴	38,500	-	-	(38,500)	-
Mr Steven Rubic	120,000	-	-	(120,000)	-
Ms Giselle Collins ⁴	10,000	-	-	(10,000)	-
Mr Mark Bloom ⁵	277,952	-	-	(277,952)	-
Executive KMP					
Mr Gary Carroll ⁶	-	-	-	-	-
Mr Martin White ⁷	-	-	-	-	-
Mr Andrew Vidler ⁸	43,032	-	-	(43,032)	-
Mr Matthew Cordingley ⁹	-	-	-	-	-
Mr Paul Robertson ¹⁰	200,000	-	-	(200,000)	-
	834,484	-	-	(834,484)	-

¹Appointed 16 December 2024

²Appointed 3 October 2024

³Retired 28 August 2024

⁴Resigned 16 December 2024

⁵Resigned 9 August 2024

⁶Appointed 14 October 2024

⁷Appointed as Acting CFO 27 January 2025, appointed to CFO 14 April 2025

⁸Resigned 28 October 2024

⁹Resigned 24 January 2025

¹⁰Ceased being a KMP 14 April 2025

1.4 Additional Disclosures Relating to Key Management Personnel

Loans to Key Management Personnel (KMP) and their related parties

There were no loans to KMP during the year.

Other transactions with KMP and their related parties

Transactions with KMP and/or related parties were conducted on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

There were no transactions with KMP and their related parties during the year.

This concludes the remuneration report, which has been audited.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pacific Smiles Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Pacific Smiles Group Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Kevin Leighton

Partner

Newcastle

13 August 2025

Pacific Smiles Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025



	Note	2025 \$'000	2024 \$'000
Revenue	5	196,023	179,752
Other income	6	321	831
Expenses			
Employee expenses - direct	7	(2,098)	(1,338)
Other direct expenses	7	(7,558)	(8,864)
Consumable supplies expenses		(13,208)	(11,925)
Employee expenses		(92,253)	(81,974)
Occupancy expenses		(5,026)	(4,746)
Marketing expenses		(5,377)	(5,071)
Administration and other expenses		(35,574)	(21,940)
Depreciation and amortisation expenses	7	(28,467)	(30,332)
Net finance costs	7	(3,030)	(3,668)
Profit before income tax expense		3,753	10,725
Income tax expense	8	(1,782)	(2,686)
Profit after income tax expense for the year		1,971	8,039
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>1,971</u>	<u>8,039</u>
		Cents	Cents
Basic earnings per share	36	1.2	5.0
Diluted earnings per share	36	1.2	5.0

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	21,420	17,656
Receivables	10	3,826	4,656
Inventories	11	7,794	7,715
Other	12	2,351	1,177
Total current assets		<u>35,391</u>	<u>31,204</u>
Non-current assets			
Receivables	13	132	304
Property, plant and equipment	14	44,753	51,150
Right-of-use assets	15	52,728	62,427
Intangibles	16	11,716	12,914
Deferred tax	8	18,809	13,979
Total non-current assets		<u>128,138</u>	<u>140,774</u>
Total assets		<u>163,529</u>	<u>171,978</u>
Liabilities			
Current liabilities			
Payables	17	22,704	18,671
Lease liabilities	18	14,831	14,614
Income tax payable	8	2,388	4,359
Provisions	19	4,825	4,794
Total current liabilities		<u>44,748</u>	<u>42,438</u>
Non-current liabilities			
Lease liabilities	21	50,865	60,720
Provisions	22	8,413	8,262
Total non-current liabilities		<u>59,278</u>	<u>68,982</u>
Total liabilities		<u>104,026</u>	<u>111,420</u>
Net assets		<u>59,503</u>	<u>60,558</u>
Equity			
Contributed equity	23	56,153	52,104
Reserves	24	-	6,744
Retained profits/ (accumulated losses)		<u>3,350</u>	<u>1,710</u>
Total equity		<u>59,503</u>	<u>60,558</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes

	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2023	52,104	15,492	(6,329)	61,267
Profit after income tax expense for the year	-	-	8,039	8,039
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	8,039	8,039
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	(1,775)	-	(1,775)
Dividends paid (note 25)	-	(6,973)	-	(6,973)
Balance at 30 June 2024	52,104	6,744	1,710	60,558
	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2024	52,104	6,744	1,710	60,558
Profit after income tax expense for the year	-	-	1,971	1,971
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,971	1,971
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	(1,889)	-	(1,889)
Equity issued upon vesting of performance rights	4,049	-	-	4,049
Dividends paid or provided for (note 25)	-	(4,855)	(331)	(5,186)
Balance at 30 June 2025	56,153	-	3,350	59,503

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		195,560	180,074
Payments to suppliers and employees		(155,511)	(140,365)
		40,049	39,709
Interest received		457	487
Interest and finance costs paid		(3,168)	(3,811)
Income taxes paid		(8,582)	(3,579)
Net cash from operating activities	35	28,756	32,806
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	14,16	(5,728)	(3,839)
Proceeds from disposal of property, plant and equipment		-	56
Lease payments received from finance leases		402	422
Net cash used in investing activities		(5,326)	(3,361)
Cash flows from financing activities			
Dividends paid	25	(5,186)	(6,973)
Repayment of borrowings		-	(9,000)
Payment of lease liabilities		(14,480)	(14,389)
Net cash used in financing activities		(19,666)	(30,362)
Net increase/ (decrease) in cash and cash equivalents		3,764	(917)
Cash and cash equivalents at the beginning of the financial year		17,656	18,573
Cash and cash equivalents at the end of the financial year	9	21,420	17,656

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Corporate information	39
Note 2. Material accounting policy information	39
Note 3. Critical accounting judgements, estimates and assumptions	47
Note 4. Operating segments	48
Note 5. Revenue	50
Note 6. Other income	50
Note 7. Expenses	51
Note 8. Income tax	52
Note 9. Current assets - cash and cash equivalents	53
Note 10. Current assets - receivables	53
Note 11. Current assets - inventories	53
Note 12. Current assets - other	53
Note 13. Non-current assets - receivables	53
Note 14. Non-current assets - property, plant and equipment	54
Note 15. Non-current assets - right-of-use assets	55
Note 16. Non-current assets - intangibles	55
Note 17. Current liabilities - payables	57
Note 18. Current liabilities - lease liabilities	57
Note 19. Current liabilities - provisions	57
Note 20. Non-current liabilities - borrowings	58
Note 21. Non-current liabilities - lease liabilities	58
Note 22. Non-current liabilities - provisions	58
Note 23. Equity - contributed equity	59
Note 24. Equity - reserves	60
Note 25. Equity - dividends	60
Note 26. Financial instruments	61
Note 27. Key Management Personnel disclosures	62
Note 28. Remuneration of auditors	62
Note 29. Contingent liabilities	62
Note 30. Commitments	63
Note 31. Related party transactions	63
Note 32. Parent entity information	64
Note 33. Interests in subsidiaries	64
Note 34. Events after the reporting period	64
Note 35. Cash flow information	65
Note 36. Earnings per share	65
Note 37. Share-based payments	66

For personal use only

Note 1. Corporate information

The consolidated financial statements cover Pacific Smiles Group Limited as a consolidated entity consisting of Pacific Smiles Group Limited (the Company) and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Pacific Smiles Group Limited's functional and presentation currency.

Pacific Smiles Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. On 21 November 2014 Pacific Smiles Group Limited was listed on the ASX. Its registered office and principal place of business is:

6 Molly Morgan Drive, Greenhills, New South Wales

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 August 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, and assets and liabilities held for sale.

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The following new or amended standards became effective for the Group for the year ended 30 June 2025:

- AASB 16 Leases (Amendments) – *Lease Liability in a Sale and Leaseback*
- AASB 101 Presentation of Financial Statements (Amendments) - Non-current Liabilities with Covenants
- AASB 107 Statement of Cash Flows and AASB 7 Financial Instruments: Disclosures (Amendments) – *Supplier Finance Arrangements*

The Group has reviewed these new or amended standards and determined that they did not have a material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pacific Smiles Group Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Pacific Smiles Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Note 2. Material accounting policy information (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Executive Officer (the chief operating decision maker). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

Revenue recognition

The Group recognises revenue as follows:

Dental service fees

Dental service fees consist of the revenue generated from service and facility fees and professional dental fees.

Service and facility fees are generated from the services and facilities provided to dentists practising out of Group owned dental centres. Services and facilities include the provision of fully equipped surgeries, staff, marketing and other support infrastructure. The Group invoices the dentists on a monthly basis based on a percentage of patient receipts net of direct costs, which are costs directly incurred by the dentists. The percentage charged is applied to monthly patient receipts based on a Services and Facilities Agreement with the dentist. Revenue is recognised when the performance obligation, being support at the time the dentist provides a service, occurs. The Services and Facilities Agreement with the dentists allows the dentists the right to cancel the arrangement with one to three months of notice without penalty.

Professional dental fees are generated from a range of dental services to patients provided by the employed and contracted dentists. Revenue is recognised at a point in time when the performance obligation is satisfied on performance of the service for the amount charged to the patient, based on standard list price.

Dental product sales

The Group sells a range of dental products. Revenue is recognised when the product is provided to and paid for by the customer as this is when the performance obligation is satisfied.

Management fees

The Group provides comprehensive operational support to HBF Dental (HBFD) clinics across Western Australia. Revenue is recognised when the performance obligation, being the provision of the managed services to HBFD, is performed.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Pacific Smiles Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Material accounting policy information (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Consumables and dental products are stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5-20 years
Plant and equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Material accounting policy information (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to relevant cash-generating units (CGU) for the purpose of impairment testing.

Software

Costs associated with software development and implementation, as well as perpetual licences costs, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three to five years.

Rights and licences

Contractual rights and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of the rights and licences over their estimated useful lives, being 15 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating-units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Cash inflows considered for the purposes of impairment testing are discounted to present value.

Significant judgment has been used in testing assets for impairment and in determining the amounts recognised as impairment losses at reporting date. Further details of the key judgements and estimates along with any impairment loss recognised in the financial statements are provided in the notes dealing with the relevant asset category.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

Note 2. Material accounting policy information (continued)

Lease liabilities

As a lessee:

The Group leases properties under rental contracts which are typically made for fixed periods of between 5 to 10 years but may have extension options. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing source and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Rent concessions:

The Group has applied the practical expedient to not assess rent concessions affecting payments due before 30 June 2022 that have occurred as a direct consequence of the COVID-19 pandemic as a lease modification.

The Group has recognised the amount as "other income" in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

As a lessor:

The Group enters into lease agreements as lessor in respect of some property leases. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Material accounting policy information (continued)

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Make good provision

The Group is required to restore most leased premises to their original condition at the end of their respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and repair any associated damage. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The liabilities are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The obligations are presented as a current liability in the balance sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Share-based compensation benefits are provided to selected employees via a Long-Term incentive plan (LTI plan) and a deferred component of the Short-Term Incentive plans for Key Management Personnel.

The fair value of performance rights granted under the LTI plan is recognised as an employee benefits expense with a corresponding increase in the share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At the end of each period, the Group revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

As at 30 June 2025, all performance rights on foot have either vested or been forfeited. As a result, there is no remaining balance in the share-based payment reserve, and no further expense will be recognised in relation to prior awards.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Material accounting policy information (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pacific Smiles Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 2. Material accounting policy information (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Government grants

Government grants shall be recognised in profit or loss as other income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Changes to material accounting policy

There were no changes to the financial reporting requirements this year that affected the disclosures in the financial statements.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. Share-based payment arrangements in prior years involved estimates relating to fair value and vesting assumptions; however, all outstanding performance rights have now vested or been forfeited. Accordingly, there are no critical accounting estimates relating to share-based payments in the current reporting period.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to note 14 and note 16 for further details.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on fair value less cost of disposal, estimated using discounted cashflows. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 16 for further details.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to note 14 and note 16 for the information on non-financial assets other than goodwill and other indefinite life intangible assets.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to note 8 for further details.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss. Refer to note 22 for further details.

Payroll tax provision for prior period Independent Dentist Contracts

A payroll tax provision has been made for the financial years 2019, 2020, 2021, and 2022 for independent dentists operating under a Service and Facilities Agreement with the Group. The provision covers potential payroll tax liability in Queensland and Victoria. The provision was estimated based on the methodology used by the NSW State Revenue Office in calculating the additional Payroll Tax liability imposed on the Group in New South Wales. The liability will be settled when the voluntary disclosures are completed and the payments are made to the respective regulatory authorities. Refer to note 17 for further details.

Note 4. Operating segments

The Group is organised into one operating segment, being activities within the dental sector throughout Eastern Australia. This operating segment is based on the internal reports that are reviewed and used by the Group's Chief Executive Officer, who is identified as the chief operating decision maker, in assessing performance and in determining the allocation of resources. The Group's operation inherently has one profile and performance assessment criteria. The financial results from this segment are consistent with the financial statements for the Group as a whole.

The chief operating decision maker uses the Group's underlying earnings before interest, tax, depreciation and amortisation (EBITDA), excluding the impact of AASB 16, as the main measure of performance. This measure is defined as the statutory EBITDA result, adjusted for the effects of the *AASB 16 Leases* standard and excluding the impact of expenses not related to ongoing employee expenses and non-recurring or extraordinary events that would distort insights into the operational efficiency and profitability of the Group.

Note 4. Operating segments (continued)

The reconciliation of statutory profit/ (loss) before tax to underlying EBITDA pre-AASB 16 is shown in the table below.

	Ref	2025 \$'000	2024 \$'000
Statutory net profit/(loss) before tax		3,753	10,725
Depreciation and amortisation expense		28,467	30,332
Net finance cost		3,030	3,668
Statutory EBITDA		<u>35,250</u>	<u>44,725</u>
Severance expenses removed	1	309	226
Executive Long-Term Incentive plan expense	2	2,137	(1,815)
Costs associated with the control transaction proposals and Scheme of Arrangement	3	11,628	2,313
Workers compensation insurance premium adjustments for prior years	4	-	208
Impact of prior years' payroll tax determination (excluding interest)	5	9	1,191
Change in accounting estimate for consumables	6	-	(1,415)
Adjustment to pre-AASB 16 basis	7	(17,754)	(17,252)
Underlying EBITDA pre-AASB 16		<u>31,579</u>	<u>28,181</u>

Note 1 – All termination and redundancy severance expenses have been removed as non-underlying cost as these are one-time expenses that do not reflect regular payroll expenses and including them distorts true changes in ongoing employee expenditure.

Note 2 – Long-term incentive costs for the Executive team have been removed as these expenses are tied to specific performance criteria and do not reflect regular salary and benefits. In the current period the expense relates to all performance rights that either vested or lapsed during the financial year ended 30 June 2025, resulting from the off-market takeover bid. These costs have been excluded from the underlying financials as they do not represent ongoing operating expenses.

Note 3 – The costs associated with the proposals from Genesis Capital Manager I Pty Ltd (Genesis) and NDC BidCo Pty Ltd (NDC) to acquire 100% of the shares in Pacific Smiles, as well as the Scheme Meeting held on 8 August 2024, have been excluded from the underlying financials. These costs included external consulting, financial and legal advice, break fees, and other associated expenses related to the Scheme and the Scheme Meeting, along with additional exertion payments to directors and management. Subsequently, an off-market takeover bid from Genesis was successful in acquiring circa 89% of the shares in Pacific Smiles. The associated costs of this transaction have also been excluded from the underlying financials.

Note 4 - In the previous financial year, PSG received premium adjustment notices regarding workers compensation premiums for prior financial years. As these are considered a change in estimate, they have been paid and included in the statutory result, however, they have been excluded from the underlying result as they relate to prior years' expenditure.

Note 5 – The prior year payroll tax determination represents the total amount paid for payroll tax relating to the five financial years 2019 to 2023 in the Australian Capital Territory and associated attendant legal costs incurred during the audits and PSG's objections. The current year amount relates to attendant legal costs associated with the ACT objection only.

Note 6 – During the prior year, PSG updated processes and controls reporting dental centre consumables and the associated estimated cost and quantity held at individual dental centres. Applying this change resulted in a credit in the prior year which was excluded from the underlying results as a non-cash adjustment.

Note 7 – Several adjustments to the profit and loss statement are made to reverse the impacts of the AASB 16 Leases standard and return the EBITDA result to one that is comparable to prior periods. The cash payments for leases are included in EBITDA as are the cash payments received from subleases.

Note 5. Revenue

	2025 \$'000	2024 \$'000
<i>Revenue from contracts with customers</i>		
Dental service fees	193,229	177,485
Dental product sales	419	429
	<u>193,648</u>	<u>177,914</u>
Management fees	<u>2,375</u>	<u>1,838</u>
Revenue	<u><u>196,023</u></u>	<u><u>179,752</u></u>

Note 6. Other income

	2025 \$'000	2024 \$'000
Rents	190	220
Sundry income	28	545
Net cyclone insurance recoveries associated with FY 2025 loss	103	-
Net flood insurance recoveries associated with FY 2022 loss	<u>-</u>	<u>66</u>
Other income	<u><u>321</u></u>	<u><u>831</u></u>

For personal use only

Note 7. Expenses

	2025 \$'000	2024 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	6,889	7,120
Plant and equipment	5,917	7,096
Right-of-use assets	14,444	14,199
Total depreciation	27,250	28,415
<i>Amortisation</i>		
Software	1,152	1,852
Rights and licences	65	65
Total amortisation	1,217	1,917
Total depreciation and amortisation	28,467	30,332
<i>Finance costs/ (income)</i>		
Interest and finance charges paid/payable on borrowings	224	566
Interest and finance charges paid/payable on lease liabilities	2,944	3,245
Unwinding of the discount on lease make good provision	319	344
Interest received/receivable	(457)	(487)
Net finance costs	3,030	3,668
<i>Superannuation expense</i>		
Defined contribution superannuation expense	8,073	7,308
<i>Share-based payments expense</i>		
Share-based payments expense/ (income)	2,123	(1,775)
<i>Direct expenses</i>		
Other direct expenses	7,558	8,864
Employee expenses - direct	2,098	1,338
	9,656	10,202

Employee expenses - direct relate to the dental practitioner employment costs. Other direct expenses relate to the cost of the sale of dental products and payroll tax expenses for independent dentists operating under Service and Facility Contracts (SFA).

Total employee expenses for the year are \$94,355,256 (2024: \$83,344,485). These include employee expenses and dental practitioner employment costs presented as employee expenses – direct.

Note 8. Income tax

	2025	2024
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	6,688	6,581
Deferred tax	(4,830)	(3,809)
Adjustment recognised for prior periods	(45)	(86)
	<u>1,813</u>	<u>2,686</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(4,830)	(3,809)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	3,753	10,725
Tax at the statutory tax rate of 30%	1,126	3,218
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	64	44
Share-based payments	637	(533)
	1,827	2,729
Adjustment recognised for prior periods	(45)	(86)
Prior year temporary differences not recognised now recognised	-	43
	<u>1,782</u>	<u>2,686</u>
Income tax expense		
	<u>1,782</u>	<u>2,686</u>
	2025	2024
	\$'000	\$'000
<i>Deferred tax asset</i>		
Net deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	44	44
Property, plant and equipment	7,389	5,351
Employee benefits	1,721	1,728
Lease liabilities	19,709	22,600
Provision for lease make good	2,250	2,177
Accrued expenses	729	503
Intangibles	(78)	(98)
Lease receivables	(263)	(155)
Right-of-use assets	(15,818)	(18,728)
Prepayments and others	-	40
Business related costs (s40-880)	3,126	517
	<u>18,809</u>	<u>13,979</u>
Deferred tax asset		
	<u>18,809</u>	<u>13,979</u>
Movements:		
Opening balance	13,979	10,170
Credited to profit or loss	4,830	3,809
	<u>18,809</u>	<u>13,979</u>
Closing balance		
	<u>18,809</u>	<u>13,979</u>

Note 8. Income tax (continued)

	2025 \$'000	2024 \$'000
Provision for income tax	2,388	4,359

Note 9. Current assets - cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank and in hand	21,420	17,656

Note 10. Current assets - receivables

	2025 \$'000	2024 \$'000
Trade receivables	2,787	4,115
Less: Allowance for expected credit losses	(148)	(147)
	2,639	3,968
Finance lease receivables	172	212
Other receivables	1,015	476
	3,826	4,656

Refer to note 13 for finance lease receivables maturity analysis.

Note 11. Current assets - inventories

	2025 \$'000	2024 \$'000
Inventories - at cost	7,794	7,715

Inventories recognised as an expense during the 2025 financial year amounted to \$13,171,653 (2024: \$11,735,049). These figures were included in consumables supplies expense in the statement of profit or loss.

Note 12. Current assets - other

	2025 \$'000	2024 \$'000
Prepayments	2,092	1,113
Other	259	64
	2,351	1,177

Note 13. Non-current assets - receivables

	2025 \$'000	2024 \$'000
Finance lease receivables - rental subleases	132	304

Note 13. Non-current assets - receivables (continued)

The following table sets out a maturity analysis of finance leases receivable, showing the undiscounted lease payments to be received after the reporting date:

	2025 \$'000	2024 \$'000
Within one year	184	234
One to five years	138	322
Total undiscounted finance lease receivable	<u>322</u>	<u>556</u>
Less: Unearned finance income	<u>(18)</u>	<u>(40)</u>
Total finance lease receivables	<u><u>304</u></u>	<u><u>516</u></u>

Note 14. Non-current assets - property, plant and equipment

	2025 \$'000	2024 \$'000
Leasehold improvements - at cost	85,140	83,494
Less: Accumulated depreciation and impairment	<u>(57,291)</u>	<u>(51,187)</u>
	<u>27,849</u>	<u>32,307</u>
Plant and equipment - at cost	74,703	71,089
Less: Accumulated depreciation and impairment	<u>(57,799)</u>	<u>(52,246)</u>
	<u>16,904</u>	<u>18,843</u>
	<u><u>44,753</u></u>	<u><u>51,150</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2023	39,279	22,753	62,032
Additions	166	3,229	3,395
Disposals	(18)	(43)	(61)
Depreciation expense	<u>(7,120)</u>	<u>(7,096)</u>	<u>(14,216)</u>
Balance at 30 June 2024	32,307	18,843	51,150
Additions	2,431	3,987	6,418
Disposals	-	(9)	(9)
Depreciation expense	<u>(6,889)</u>	<u>(5,917)</u>	<u>(12,806)</u>
Balance at 30 June 2025	<u><u>27,849</u></u>	<u><u>16,904</u></u>	<u><u>44,753</u></u>

Impairment of assets

No impairment losses were recognised in the 2025 and 2024 financial years.

Note 15. Non-current assets - right-of-use assets

	2025 \$'000	2024 \$'000
Leases - right-of-use	117,214	115,089
Less: Accumulated depreciation	(64,486)	(52,662)
	<u>52,728</u>	<u>62,427</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

	\$'000
Balance at 1 July 2023	71,455
Adjustment on carrying value from lease variations	5,579
Adjustment on carrying value from changes in make good provision estimates	(409)
Depreciation expense	<u>(14,198)</u>
Balance at 30 June 2024	62,427
Adjustment on carrying value from lease variations	4,745
Depreciation expense	<u>(14,444)</u>
Balance at 30 June 2025	<u>52,728</u>

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options and this is included in the initial recognition. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Note 16. Non-current assets - intangibles

	2025 \$'000	2024 \$'000
Goodwill	12,517	12,517
Less: Impairment	<u>(2,894)</u>	<u>(2,894)</u>
	9,623	9,623
Software - at cost	8,198	9,282
Less: Accumulated amortisation	<u>(6,365)</u>	<u>(6,316)</u>
	1,833	2,966
Rights and licences	985	985
Less: Accumulated amortisation	<u>(725)</u>	<u>(660)</u>
	260	325
	<u>11,716</u>	<u>12,914</u>

Note 16. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

	Goodwill \$'000	Software \$'000	Rights and licences \$'000	Total \$'000
Balance at 1 July 2023	9,623	4,564	392	14,579
Additions	-	252	-	252
Amortisation expense	-	(1,852)	(65)	(1,917)
Balance at 30 June 2024	9,623	2,964	327	12,914
Additions	-	25	-	25
Disposals	-	(6)	-	(6)
Amortisation expense	-	(1,152)	(65)	(1,217)
Balance at 30 June 2025	<u>9,623</u>	<u>1,831</u>	<u>262</u>	<u>11,716</u>

Impairment testing for cash-generating-units (CGU)

The impairment assessments for each CGU are made on the basis of fair value less cost of disposal, estimated using discounted cashflow. The fair value measurement was categorised as a Level 3 fair value.

Based on the inputs in the valuation technique used, recoverable amounts of the CGUs exceeded their carrying values, therefore no impairment losses were recorded in the financial year.

For the purpose of impairment testing, the carrying amount of goodwill has been allocated to each CGU. The CGU is defined on a regional basis which includes multiple centres in geographical proximity. The carrying amount of goodwill allocated to each CGU is set out below.

	2025 \$'000	2024 \$'000
Northern New South Wales	2,453	2,453
Northern Queensland	2,446	2,446
Eastern Victoria	1,926	1,926
Western Sydney	1,317	1,317
Western Victoria	704	704
Sydney	449	449
Central New South Wales	328	328
Total goodwill	<u>9,623</u>	<u>9,623</u>

The key assumptions used in the estimation of the recoverable amount are set out below.

	2025 %	2024 %
Discount rate	10.50	10.50
Terminal value EBITDA growth rate	2.50	2.50
Budgeted EBITDA growth rate (average of next five years)	7.59	9.72

Note 16. Non-current assets - intangibles (continued)

The calculations use discounted cash flow projections covering a five-year period that are based on detailed management projections, which consider historical financial results and trends, the Board-approved financial budget for the next financial year. The cash flow growth projections for years two to five differ depending on the relative maturity of each centre.

The cash flow projection from years two to five for centres that have been operating for less than five years are based on an initial growth profile which reflects the ramp associated with starting from a zero base. The trajectory of these centres allows for the annual growth rates to exceed the above outlined Budgeted EBITDA growth rate due to the compounding effect wherein the growth of each of the initial years is based on the increased base of the previous period.

In comparison, the more mature centres have already experienced the initial phases of growth and consequently the cash flow projection from years two to five for these centres are based on the key assumption of budgeted EBITDA growth rate as outlined above.

A long-term growth rate is used beyond year five in determining the terminal values, which is considered reasonable in the context of the long-term growth rates for the markets in which each CGU operates. Future cash flows are discounted using a post-tax discount rate based on the Group's weighted average cost of capital of 10.50% (2024: 10.50%). The pre-tax discount rate is 11.00% (2024: 11.00%).

Management has performed sensitivity analysis on the two key assumptions — the discount rate and the EBITDA growth rate. The analysis included:

- Increasing the post-tax discount rate to 15.50%, which resulted in the recoverable amount of all CGUs continuing to exceed their carrying amount.
- Varying the EBITDA growth rate from 0.00% to 7.50% per annum across the forecast period. Even under a scenario of nil growth (0.00%), the recoverable amount of each CGU remains in excess of its carrying amount, indicating material headroom exists across the portfolio.

The results of this analysis support the conclusion that a reasonably possible change in the key assumptions would not result in the carrying amount of any CGU exceeding its recoverable amount.

Rights and licences

As part of the Group's acquisition of the three former AHM dental centres, the Group received preferential provider support from AHM. These rights and licenses relate to AHM marketing rights at each Pacific Smiles dental centre with a further four years of amortisation remaining.

Note 17. Current liabilities - payables

	2025 \$'000	2024 \$'000
Trade and other payables	22,704	18,671

Note 18. Current liabilities - lease liabilities

	2025 \$'000	2024 \$'000
Lease liability	14,831	14,614

Refer to note 30 for further information on lease maturity analysis.

Note 19. Current liabilities - provisions

	2025 \$'000	2024 \$'000
Employee benefits	4,825	4,794

Note 20. Non-current liabilities - borrowings

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit.

	2025 \$'000	2024 \$'000
Total facilities		
Bank overdraft	500	500
Bank loans	20,000	20,000
Bank guarantees	5,000	5,000
	<u>25,500</u>	<u>25,500</u>
Used at the reporting date		
Bank overdraft	-	-
Bank loans	-	-
Bank guarantees	3,782	3,745
	<u>3,782</u>	<u>3,745</u>
Unused at the reporting date		
Bank overdraft	500	500
Bank loans	20,000	20,000
Bank guarantees	1,218	1,255
	<u>21,718</u>	<u>21,755</u>

Covenants attached to bank loans were complied with during the financial year. The facility is available to the Group until 30 September 2027. Further information relating to the loans' weighted average interest rate and contractual cashflow is included in note 26.

Note 21. Non-current liabilities - lease liabilities

	2025 \$'000	2024 \$'000
Lease liability	<u>50,865</u>	<u>60,720</u>

Refer to note 30 for further information on lease maturity analysis.

Note 22. Non-current liabilities - provisions

	2025 \$'000	2024 \$'000
Employee benefits	914	1,006
Lease make good	7,499	7,256
	<u>8,413</u>	<u>8,262</u>

Note 22. Non-current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below.

	Make good provision \$'000
2025	
Carrying amount at the start of the year	7,256
Additional provisions recognised	206
Amounts used	(282)
Unwinding of discount	319
Carrying amount at the end of the year	<u>7,499</u>

During the current financial year, changes to the make-good provision estimates for certain leases was made due to changes in the anticipated costs for future restoration of the leased premises. The assessment was based on the latest available data and prevailing circumstances.

Note 23. Equity - contributed equity

	2025 Shares	2024 Shares	2025 \$'000	2024 \$'000
Ordinary shares - fully paid	<u>161,623,972</u>	<u>159,581,938</u>	<u>56,153</u>	<u>52,104</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year ended 30 June 2025, 2,042,034 ordinary shares were issued upon the vesting of performance rights under the Group's long-term incentive plan. The increase in contributed equity reflects the market value of the shares at vesting, based on the takeover offer price. This value exceeded the cumulative fair value previously recognised in the share-based payment reserve. The excess was recognised as an additional employee benefits expense in profit or loss, with a corresponding increase in equity.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, maintain sufficient financial flexibility to pursue its growth objectives, and maintain an optimum capital structure to reduce the cost of capital. The Group monitors its working capital continually and manages it within a Board-approved finance facility. Debt covenants have been consistently achieved and are monitored monthly.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 24. Equity - reserves

	2025 \$'000	2024 \$'000
Profits reserve	-	4,855
Share-based payments reserve	-	1,889
	-	6,744

Profits reserve

The profits reserve previously represented retained profits transferred to a separate reserve to preserve their character as profits, enabling the payment of franked dividends while quarantining them from accumulated losses arising from the adoption of AASB 16.

During the year ended 30 June 2025, the profits reserve was fully utilised through the payment of dividends and has been reduced to nil.

Share-based payments reserve

The share-based payments reserve previously reflected the cumulative fair value of performance rights granted under the Group's long-term incentive plan.

As at 30 June 2025, all outstanding performance rights have either vested or been forfeited, and the reserve has been fully utilised. Any difference between the fair value previously recognised and the market value at vesting was recorded as an additional employee benefits expense in profit or loss.

Note 25. Equity - dividends

Dividends

Dividends paid during the financial year were as follows.

	2025 \$'000	2024 \$'000
Final dividend for the year ended 30 June 2024 of 3.25 cents per ordinary share, fully franked, paid on 28 October 2024	5,186	3,622
No interim dividend was declared or paid for the year ended 30 June 2025 (2024: 2.10 cents per ordinary share, fully franked, paid on 5 April 2024)	-	3,351
	5,186	6,973

No dividends were declared during the financial year ended 30 June 2025 (2024: 3.25 cents per ordinary share, fully franked).

Franking credits

	2025 \$'000	2024 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	20,934	16,423

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of income tax payable or collection of income tax receivable.

The consolidated amount includes franking credits that would be available to the parent entity if distributed profits of subsidiaries were paid as dividends.

Note 26. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework and is supported by the Board Audit and Risk Management Committee. Senior management develops and monitors risk management policy and reports regularly to the Directors on issues and compliance matters. Risk management principles and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Group's principal financial instruments during the 2025 and 2024 financial years comprised bank and other loans, and cash. The main purpose of these instruments has been to raise finance for the consolidated entity's operations and investments. The Group has various other financial instruments such as trade and other debtors and creditors, which arise directly from its operations. The Group does not trade in financial instruments.

Market risk

Interest rate risk

The Group's exposure to market risk for changes in interest rates at the end of the year was minimal, as no bank debt was drawn.

Credit risk

The Group has no significant concentrations of credit risk. The consolidated entity does not have significant credit exposure to any one financial institution or customer. The consolidated entity only transacts with reputable Australian banks and its credit risk on trade receivables is not considered significant.

The Group has had no bad debts (2024: nil) in the period and at 30 June 2025, no trade receivables are overdue by more than 90 days that have not been fully provided for. The expected credit loss provision is \$147,749 (2024: \$146,623).

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows to ensure sufficient liquidity is always available to meet liability obligations as they fall due. The Group's balance sheet shows an excess of current liabilities over current assets at balance date. Liabilities have been classified as current where it is probable that they will be settled within 12 months or if there is a contractual obligation that may require settlement within twelve months, regardless of how likely settlement under contractual arrangements is judged to be. The Group's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the timeframes required.

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet. The carrying amount of these financial liabilities are disclosed in each respective note.

	Less than 6 months \$'000	Between 6 and 12 months \$'000	Between 1 and 5 years \$'000	Remaining contractual maturities \$'000
2025				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables (note 17)	22,704	-	-	22,704
Total non-derivatives	22,704	-	-	22,704

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Key Management Personnel disclosures

Compensation

The aggregate compensation paid to Directors and other members of Key Management Personnel of the Group is set out below.

	2025 \$	2024 \$
Short-term employee benefits	2,526,909	1,947,039
Post-employment benefits	123,258	122,455
Long-term benefits	8,966	32,829
Share-based payments	2,476,883	(1,238,973)
	<u>5,136,016</u>	<u>863,350</u>

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company.

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	209,000	200,000
<i>Other services</i>		
Tax compliance and advisory services	45,711	55,330
Other advisory services	34,485	57,997
	<u>80,196</u>	<u>113,327</u>
	<u>289,196</u>	<u>313,327</u>

Note 29. Contingent liabilities

	2025 \$'000	2024 \$'000
Bank guarantees	<u>3,782</u>	<u>3,745</u>

The consolidated entity has given bank guarantees as at 30 June 2025 of \$3,781,707 (2024: 3,744,588) to various landlords as security for leased premises.

Note 30. Commitments

	2025 \$'000	2024 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Property, plant and equipment	908	123
Printers	472	506
Committed at the reporting date but not recognised as liabilities:		
Within one year	1,110	311
One to five years	271	318
	<u>1,381</u>	<u>629</u>
<i>Lease commitments</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	17,274	17,404
One to five years	44,347	50,138
More than five years	11,997	17,280
Total commitment	73,618	84,822
Less: Future finance charges	(7,922)	(9,478)
Net commitment recognised as liabilities	<u>65,696</u>	<u>75,344</u>

Note 31. Related party transactions

Parent entity

Pacific Smiles Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 27 and the remuneration report included in the Directors' report.

Transactions with related parties

Other than remuneration for their positions as Directors and Executives of the Group, key management personnel or entities related to them entered into a number of transactions with the Group. Information on these transactions is set out below.

Key Management Personnel or their related parties held shares in the Group during 2025 and 2024, and as such, participated in dividends.

The Group paid fees for director fees and management services to Genesis Capital Manager I Pty Ltd and Genesis Capital Operations Pty Ltd respectively during 2025. These two entities are related to Beam Dental Bidco Pty Ltd, fees were based on normal commercial terms and conditions.

The following transactions occurred with related parties:

	2025 \$	2024 \$
Director Fees	240	-
Project Management and Other Analysis Expenses	366	-

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2025 \$'000	2024 \$'000
Profit after income tax	1,977	8,036
Total comprehensive income	1,977	8,036

Balance sheet

	2025 \$'000	2024 \$'000
Total current assets	35,536	31,241
Total assets	163,565	171,906
Total current liabilities	44,113	41,709
Total liabilities	103,388	110,685
Equity		
Contributed equity	56,153	52,104
Profits reserve	-	4,855
Share-based payments reserve	-	1,889
Retained profits	4,024	2,373
Total equity	60,177	61,221

Contingent liabilities

The parent entity had no contingent liabilities, other than bank guarantees as at 30 June 2025 totalling \$3,781,707 (30 June 2024: 3,744,588).

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Dentist Smiles Group Pty Limited	Australia	100.00%	100.00%
Dental Assistant Training Solutions Pty Limited	Australia	100.00%	100.00%
Pacific Eyes Pty Limited	Australia	100.00%	100.00%
Everything Dentures Pty Limited	Australia	100.00%	100.00%

Dental Assistant Training Solutions Pty Limited, Pacific Eyes Pty Limited and Everything Dentures Pty Limited are dormant entities.

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 35. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	2025 \$'000	2024 \$'000
Profit after income tax expense for the year	1,971	8,039
Adjustments for:		
Depreciation and amortisation	28,467	30,332
Net loss on disposal of property, plant and equipment	8	5
Share-based payments	2,123	(1,775)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	980	(1,498)
Increase in inventories	(79)	(1,515)
Increase in deferred tax assets	(4,830)	(3,809)
Decrease/(increase) in other operating assets	(1,178)	460
Increase/(decrease) in payables	3,326	(605)
Increase/(decrease) in other provisions	(61)	255
Increase /(decrease) in income tax	(1,971)	2,917
Net cash from operating activities	<u>28,756</u>	<u>32,806</u>

Changes in liabilities arising from financing activities

	Dividend \$'000	Borrowings \$'000	Leases \$'000	Total \$'000
Balance at 1 July 2023	-	9,000	83,996	92,996
Net cash used in financing activities	(6,973)	(9,000)	(14,389)	(30,362)
Dividend declared (note 25)	6,973	-	-	6,973
Changes in lease liabilities carrying value from lease variations	-	-	5,727	5,727
Interest expenses	-	-	3,245	3,245
Interest paid (presented as operating cashflow)	-	-	(3,245)	(3,245)
Balance at 30 June 2024	-	-	75,334	75,334
Net cash used in financing activities	(5,186)	-	(14,480)	(19,666)
Dividend declared (note 25)	5,186	-	-	5,186
Changes in lease liabilities carrying value from lease variations	-	-	4,842	4,842
Interest expenses	-	-	2,944	2,944
Interest paid (presented as operating cashflow)	-	-	(2,944)	(2,944)
Balance at 30 June 2025	<u>-</u>	<u>-</u>	<u>65,696</u>	<u>65,696</u>

Note 36. Earnings per share

	2025 \$'000	2024 \$'000
Profit after income tax	<u>1,971</u>	<u>8,039</u>
	Cents	Cents
Basic earnings per share	1.2	5.0
Diluted earnings per share	1.2	5.0

Note 36. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	160,359,589	159,581,938
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>160,359,589</u>	<u>159,581,938</u>

Performance rights

There were no performance rights on issue as at 30 June 2025. All previously granted rights have either vested or been forfeited. Accordingly, there were no potential ordinary shares to include in the calculation of diluted earnings per share.

Note 37. Share-based payments

Long-Term Incentive plan overview

The consolidated entity established a Long-Term Incentive (LTI) plan to assist in the motivation, retention and reward of senior management. The LTI plan was designed to align the interests of senior management with those of shareholders by providing an opportunity to receive an equity interest in the consolidated entity through the granting of performance rights.

Performance rights were granted at the discretion of the Board in financial years 2021, 2022 and 2024.

The performance rights were subject to a set vesting period and conditional on the achievement of both performance and service conditions.

The details of the vesting conditions are as follows:

- Satisfaction of total shareholder return (TSR) growth hurdles over a four-year performance period. The number of performance rights vesting was determined on a sliding scale, from nil vesting for a TSR compound annual growth rate of 10% or less, to 100% vesting for a TSR growth of 25% or more.
- Continued employment with the consolidated entity through to the vesting date, subject to good leavers provisions.

Performance rights that did not meet vesting conditions lapsed. Rights also lapsed where TSR performance did not meet the minimum threshold.

During the financial year ended 30 June 2025, all outstanding performance rights either vested or lapsed. As a result, there is no remaining share-based payment expense, liability, or reserve as at 30 June 2025. No further costs are expected to be recognised under the LTI plan.

Set out below are summaries of performance rights granted under the plan.

Grant date	Vesting date	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
30/11/2020	30/11/2024	1,155,758	-	(1,154,602)	(1,156)	-
30/11/2021	30/11/2025	992,775	-	(743,589)	(249,186)	-
07/12/2023	15/09/2026	509,597	-	(88,956)	(420,641)	-
19/04/2024	01/08/2024	57,143	-	(28,572)	(28,571)	-
23/05/2024	01/08/2024	76,248	-	(26,316)	(49,932)	-
		<u>2,791,521</u>	<u>-</u>	<u>(2,042,035)</u>	<u>(749,486)</u>	<u>-</u>

The table below includes consolidated entity information required by section 295 of the *Corporations Act 2001* (Cth).

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest	Tax residency
			%	
Pacific Smiles Group Limited (the Company)	Body corporate	Australia		Australia
Dentist Smiles Group Pty Limited	Body corporate	Australia	100.00%	Australia
Dental Assistant Training Solutions Pty Limited	Body corporate	Australia	100.00%	Australia
Pacific Eyes Pty Limited	Body corporate	Australia	100.00%	Australia
Everything Dentures Pty Limited	Body corporate	Australia	100.00%	Australia

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling TR 2018/5.

For personal use only

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Caristo
Chairperson

13 August 2025

For personal use only

Independent Auditor's Report

To the shareholders of Pacific Smiles Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Pacific Smiles Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2025
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue (\$196,023,000)

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Most of the Group's revenue relates to the rendering of services, the majority being dental service fees. Revenue of dental service fees was a key audit matter due to the significant audit effort to test the: - High volume of transactions recorded as revenue and significant amount of revenue recognised; - Largely manual nature of the Group's calculation of dentist payments and therefore service fee revenue, presenting risks of transactions being recorded incorrectly. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry, and the economic environment it operates in.	Our procedures included: - Evaluating the appropriateness of the Group's revenue recognition policies for revenue streams against the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>; - Testing key internal controls in the service revenue recognition process, including the review of revenue inputs and calculations, and review and dual authorisation of dentist payments. - Substantive procedures including: - Checking total patient billings and dentist payments throughout the year to the Group's bank statements. We compared total patient billings less dentist payments to the amount recorded as revenue by the Group; - Checking the calculation of the amounts paid to dentists to the terms of the underlying contracts with the dentists, for a sample of service fees recognised throughout the year; - Comparing service fees recognised in the last month of the financial year to our calculation that multiplied the average dentist fee percentages derived from percentages within dentist contracts by the total patient billings per the Group's bank statements for the month. We checked a sample of fee percentages for individual dentists to the underlying contracts; - Comparing the settlement amounts owed to dentists recognised by the Group at the end of the year to the batch payment per the post year-end bank statement. - Evaluating the adequacy of the disclosures made in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Pacific Smiles Group Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report including the Remuneration Report, the Operational Overview and Insights, Shareholder Information and the Corporate Directory. The Chairperson's Report is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwwjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Pacific Smiles Group Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 23 to 32 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Kevin Leighton

Partner

Newcastle

13 August 2025

For personal use only

The shareholder information set out below was applicable as at 8 August 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% Issued share capital
1 to 1,000	119	0.03
1,001 to 5,000	87	0.14
5,001 to 10,000	28	0.11
10,001 to 100,000	13	0.19
100,001 and over	4	99.53
	251	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest security holders of quoted equity securities are listed below.

	Ordinary shares % of total shares issued	
	Number held	
Beam Dental Bidco Pty Ltd	144,273,813	89.27
Alison Jane Hughes	16,178,947	10.01
Mr Allan Graeme Roberts	252,124	0.16
HSBC Custody Nominees (Australia) Limited	166,607	0.10
BNP Paribas Nominees Pty Ltd (IB Au Noms Retail Client)	93,895	0.06
Annabash Pty Limited (The Annabash Investment A/C)	44,800	0.03
Citicorp Nominees Pty Limited	27,327	0.02
Maralda Pty Limited	15,385	0.01
Mr Peter Lawrence Gisz	15,369	0.01
HSBC Custody Nominees (Australia) Limited - A/C 2	15,193	0.01
Mr Simon Richard Ward & Miss Collette Keenan (Ward Keenan S/F A/C)	14,040	0.01
Mr Anthony Michael Donato & Mrs Palmina Donato (Donato Executive SF A/C)	13,500	0.01
Mr Ross John Hughes	13,094	0.01
Miss Leanne E Clark	12,820	0.01
A & H Nominees Pty Ltd (HJ Superannuation Fund A/C)	12,486	0.01
Mr Matthew Learn	11,230	0.01
Warbont Nominees Pty Ltd (Unpaid Entrepot A/C)	10,138	0.01
Ms Petrina Fawcett	9,348	0.01
Limits Pty Ltd (Duncan Gamble Family A/C)	9,146	0.01
Kayday Pty Ltd (Kayday Super Fund A/C)	8,768	0.01
	161,198,030	99.74

Substantial holders

Substantial holders, based on information provided in the last substantial shareholders' notice, in the Company are set out below.

	Number held	Ordinary shares % of total shares issued
Beam Dental Bidco Pty Ltd	144,273,813	89.27
Alison Jane Hughes	16,178,947	10.01

On-market buy-back

There is no current on-market buy-back.

Voting rights

Each ordinary share carries the right to one vote. No voting rights are attached to performance rights.

There are no other classes of equity securities.

For personal use only

Directors

Dr Michael Caristo
Non-Executive Chairperson

Mr Gary Carroll
Managing Director and Chief Executive Officer

Mr Christopher Yoo
Non-Executive Director

Ms Tara Hariharan
Non-Executive Director

Mr Steven Rubic
Non-Executive Director

Mr Brent Cubis
Independent Non-Executive Director

Company secretaries

Elizabeth Spooner
David Hwang

Registered office

Level 1, 6 Molly Morgan Drive
Greenhills NSW 2323
T: 02 4930 2000
F: 02 4930 2099
W: www.pacificsmiles.com.au

Share register

Automic
Level 5, 126 Philip Street
Sydney NSW 2000
GPO Box 5193, Sydney NSW 2001
T: 1300 288 664 (within Australia) or +61 2 9698 54514 (outside Australia)
E: hello@automicgroup.com.au

Auditor

KPMG
Level 6, 18 Honeysuckle Drive
Newcastle NSW 2300

Stock exchange listing

Pacific Smiles Group Limited shares are listed on the Australian Securities Exchange
(ASX code: PSQ)

For personal use only