

## ASX ANNOUNCEMENT

**16 October 2024**

Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

### **Pacific Smiles Group Limited (ASX:PSQ) – Off-market takeover bid by Beam Dental Bidco Pty Ltd – Lodgement of Supplementary Target’s Statement**

We enclose, in accordance with subsection 647(3)(b)(ii) of the *Corporations Act 2001* (Cth) (as inserted by *ASIC Corporations (Replacement Bidder’s and Target’s Statements) Instrument 2023/688*), a copy of the supplementary target’s statement issued by Pacific Smiles Group Limited (ACN 103 087 449) (**Pacific Smiles**) (**Supplementary Target’s Statement**) in response to the off-market takeover bid made by Beam Dental Bidco Pty Ltd (ACN 676 303 254) (**Genesis Bidco**) (an entity associated with Genesis Capital Manager I Pty Ltd) for all of the fully paid ordinary shares in Pacific Smiles on the terms set out in its replacement bidder’s statement dated 1 October 2024 (**Offer**).

A copy of the Supplementary Target’s Statement was today served on Genesis Bidco and lodged with the Australian Securities and Investments Commission.

As set out in the Supplementary Target’s Statement, the Pacific Smiles Directors continue to unanimously recommend that Shareholders **REJECT** the Offer from Genesis Bidco by **TAKING NO ACTION**.<sup>1</sup>

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

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<sup>1</sup> Defined terms used in this announcement have the meaning given in the Target’s Statement released to ASX on 11 October 2024.

This announcement was authorised by the Board of Pacific Smiles.

**ENDS**

**For further information, please contact:**

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# Supplementary Target's Statement

Pacific Smiles Group Limited (ABN 42 103 087 449)

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## 1 IMPORTANT NOTICE

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

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

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

A copy of this Supplementary Target's Statement was lodged with ASIC on 16 October 2024. Neither ASIC nor any of its officers take any responsibility for its contents.

A copy of this Supplementary Target's Statement will be available on the ASX website ([www.asx.com](http://www.asx.com)).

## 2 APPOINTMENT OF GARY CARROLL AS MANAGING DIRECTOR AND CEO

As announced by Pacific Smiles on 14 October 2024, Gary Carroll has been appointed as Managing Director and Chief Executive Officer of Pacific Smiles with effect from 14 October 2024.

Mr Carroll is an experienced CEO with a track record growing and transforming consumer facing distributed network businesses. He has most recently been the CEO of MindChamps Australia, which operates 21 premium early learning and preschool services across NSW and Victoria. From 2017 to 2022, he was the CEO of ASX-listed G8 Education, Australia's largest for-profit provider of quality early childhood education and care with over 400 centres nationwide. As CEO, he was responsible for the development and execution of G8 Education's strategy to turn around the group following a period of significant expansion and financial pressure. Prior to this, he was CFO of G8 Education and before that, he held a number of senior roles at ASX-listed Super Retail Group including Chief Financial Officer and General Manager of Group Development.

Mr Carroll succeeds Andrew Vidler, whose resignation was announced on 6 September 2024. The Board have agreed with Mr Vidler that he will step aside from day-to-day management of the company and the Managing Director role from 14 October 2024 and that he will assist Mr Carroll and the Board with a smooth transition for a two-week period to 28 October 2024.

Mr Vidler ceased to be a director of the Company with effect from 15 October 2024, but remains employed by the Company in a transitional outgoing Chief Executive Officer role until his final day on 28 October 2024.

### **3 PACIFIC SMILES' BOARD AND MANAGEMENT**

#### **3.1 Pacific Smiles Board**

As at the date of this Supplementary Target's Statement, the Pacific Smiles Board comprises:

- (a) Giselle Collins – Non-Executive Chairman;
- (b) Gary Carroll – Managing Director and Chief Executive Officer;
- (c) Scott Kalniz – Non-Executive Director;
- (d) Jodie Leonard – Non-Executive Director;
- (e) Steven Rubic – Non-Executive Director; and
- (f) Brent Cubis – Non-Executive Director.

#### **3.2 Pacific Smiles' management**

As at the date of this Supplementary Target's Statement, the senior management team of Pacific Smiles comprises:

- (a) Gary Carroll – Managing Director and Chief Executive Officer;
- (b) Andrew Vidler – outgoing Chief Executive Officer;
- (c) Matthew Cordingley – Chief Financial Officer;
- (d) Paul Robertson – Chief Commercial Officer;
- (e) Troy McGowan – Executive General Manager – Clinical Excellence; and
- (f) Louise Hayes – Executive General Manager – People & Culture.

### **4 DIRECTORS' RECOMMENDATION**

The Pacific Smiles Directors (as set out in Section 3.1 above) unanimously recommend that Pacific Smiles Shareholders **REJECT THE OFFER**.

To reject the Offer, Pacific Smiles Shareholders are advised to **DO NOTHING** and **TAKE NO ACTION** in relation to any correspondence from Genesis Bidco or Genesis Capital.

Section 1 of the Original Target's Statement sets out further information regarding the Directors' recommendation and the reasons to reject the Offer.

A summary of those reasons are as follows:

- (a) The Offer is subject to Conditions that are not currently capable of being satisfied.
- (b) The Offer is materially below the previous \$2.05 NDC Scheme.
- (c) The Offer has not improved upon Genesis Capital's prior proposal received in July 2024, despite Pacific Smiles' strong operating performance and cash generation.
- (d) The Offer is opportunistically timed, when changes to the Board and management were underway.

- (e) Pacific Smiles is a leading dental service organisation that has delivered consistent double-digit growth.
- (f) Pacific Smiles' net cash position makes it well placed to invest in identified growth opportunities, and/or return capital to Shareholders, including via enhanced dividends.
- (g) If you accept the Offer, you may be unable to accept an alternative proposal if one emerges.
- (h) The reasons given by Genesis Bidco to accept the Offer are not compelling and omit key information the Board considers relevant to Shareholders' assessment of the Offer.

Further information in relation to each of these reasons is set out in section 1.3 of the Original Target's Statement.

## 5 INTERESTS OF DIRECTORS

Given the appointment of Gary Carroll as Managing Director and Chief Executive Officer of Pacific Smiles, Pacific Smiles provides the following updated disclosures with respect to the Directors' interests, as required under law.

### 5.1 Interests of Directors in Pacific Smiles Securities

As at the date of this Supplementary Target's Statement, the Directors have the following Relevant Interests in Pacific Smiles Securities. Pacific Smiles confirms that no Director has changed their Relevant Interests since the date of the Original Target's Statement, however this table is updated to include the Relevant Interests of Gary Carroll.

Director	Shares	Performance Rights
Giselle Collins	10,000 <sup>1</sup>	Nil
Gary Carroll	Nil	Nil
Scott Kalniz	10,000 <sup>2</sup>	Nil
Jodie Leonard	38,500 <sup>3</sup>	Nil
Steven Rubic	120,000	Nil
Brent Cubis	Nil	Nil

**Notes:**

1. Relevant interest in Pacific Smiles Shares held by Mr Luke Ashley Collins and Mrs Giselle Marie Collins.
2. Relevant interest in Pacific Smiles Shares held by Julie Kalniz ATF Julie L Kalniz Trust.
3. Relevant interest in Pacific Smiles Shares held by Tranquillity Rose ATF J Leonard Super Fund as beneficiary.

As noted in Section 2 above, Andrew Vidler has ceased to be a Director of the Company with effect from 15 October 2024.

All Pacific Smiles Directors confirm that they intend to **REJECT** the Offer in respect of all Pacific Smiles Shares which they own or control.

Gary Carroll has not acquired or disposed any interests in Pacific Smiles Securities in the four months ending on the date of the Original Target's Statement.

## **5.2 Directors' interests and dealings in Genesis Bidco**

As at the date of this Supplementary Target's Statement, neither Pacific Smiles nor any of its Directors (including Gary Carroll) have a Relevant interest in the securities of Genesis Bidco or any Related Body Corporate of Genesis Bidco.

## **5.3 Impact of the Offer on Pacific Smiles' senior employee and Director arrangements**

Pacific Smiles confirms that none of the contractual arrangements between Pacific Smiles, the Directors (including Gary Carroll) and key employees of Pacific Smiles will be materially affected by the Offer, if it were to become unconditional, other than those matters described in Sections 10.3 or 10.4 of the Original Target's Statement.

For completeness, the Company notes that Mr Carroll is entitled to 9 months' notice unless and until one of the following events occurs:

- the Offer closes; or
- the Offer is withdrawn before Genesis Bidco acquires 50% Voting Power in Pacific Smiles.

If either of the above events occur, whether or not there is a change of control or the Offer successfully completes (notwithstanding that it cannot complete in the current circumstances), then:

- Mr Carroll will remain entitled to 9 months' notice until the date which is 18 months from the date of his appointment; and following that date
- Mr Carroll will be entitled to 6 months' notice unless a further proposal is announced for a change in the control of Pacific Smiles, in which case he will be entitled to a 9-month notice period unless and until that proposal is closed, withdrawn, terminated or completed.

## **6 STATUS OF THE OFFER**

As at the date of this Supplementary Target's Statement, Genesis Bidco has disclosed that:

- (a) it has Voting Power of approximately 19.95% in Pacific Smiles (representing 31,832,952 Pacific Smiles Shares) (this includes only 0.05% in Acceptances (representing 82,952 Pacific Smiles Shares)); and
- (b) Acceptance Instructions under the Institutional Acceptance Facility have been received in respect of approximately 11.06% of Pacific Smiles Shares (representing 17,654,335 Pacific Smiles Shares).

Genesis Bidco does not currently have a Relevant Interest in the Pacific Smiles Shares the subject of Acceptance Instructions.

The Offer is currently scheduled to close at 7:00pm (Sydney time) on 1 November 2024, unless extended or withdrawn in accordance with the Corporations Act.

## **7 FURTHER INFORMATION**

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

## 8 CONSENTS

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

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

Additionally, Andrew Vidler has given, and has not withdrawn before lodgement of this Supplementary Target's Statement, his written consent to be named in this Supplementary Target's Statement in the form and context in which he is named, and to the inclusion of statements attributable to him in the form and context in which they appear.

## 9 APPROVAL OF SUPPLEMENTARY TARGET'S STATEMENT

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

Date: 16 October 2024

Signed for and on behalf of Pacific Smiles Group Limited



**Giselle Collins**

Non-Executive Chairman  
Pacific Smiles Group Limited