

ASX ANNOUNCEMENT

28 March 2019

1300SMILES secures further QLD acquisition

1300SMILES Limited is pleased to advise that it has entered into an agreement to acquire another large, established, 5-chair dental practice in the northern Brisbane suburb of Strathpine, in relatively close proximity to another large, well-established 5-chair Practice it operates further enhancing the Company's service offering and footprint in South-East Queensland.

This announcement follows the recent acquisition of two established, multi-chair dental practices in South-East Queensland (Springfield Lakes and Maroochydore) announced on 12 March 2019.

This new Strathpine acquisition, together with the Springfield Lakes and Maroochydore acquisitions, delivers on the plan outlined in the Half Year Report (Appendix 4D) to complete several acquisitions, which will generate combined additional annual revenue of approximately \$6.5 million, and profitability within our normal & expected range.

Strathpine is a diverse community located approximately 22km north of Brisbane's CBD, close to the Sunshine Coast motorway. The surrounding area comprises schools, medical facilities and the Strathpine Centre shopping and dining precinct.

This new, 2nd Strathpine dental practice provides a wide variety of dental services, complementing our existing large Practice there, and operates with an enthusiastic team of dentists and staff, whom we welcome to our 1300SMILES team with open arms.

1300SMILES Managing Director, Dr. Daryl Holmes OBE commented, "This is an exciting further new acquisition, in this strategic Brisbane – Sunshine Coast growth corridor, complementing our existing very successful Practice in this area, with great synergies & future potential. It's wonderful to deliver on our recently forecast intention to grow by further strategic & larger Practice acquisitions that meet or exceed our strict criteria & benchmarks."

The acquisition is on customary commercial terms and conditions including market standard completion conditions precedent.

This announcement and further information about 1300SMILES Limited can be found on the company's website at www.1300SMILES.com.au.

For further information, please contact:

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ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

1300SMILES Ltd owns and operates full-service dental facilities at its sites in New South Wales, South Australia, and in the ten major population centres in Queensland. The company continually seeks to expand its presence into other geographical areas throughout Australia. It does so both by establishing its own new operations and by acquiring existing dental practices. The administrative and corporate offices are in Townsville.

1300SMILES enables the delivery of services to patients by providing the use of dental surgeries, practice management and other services to self employed dentists who carry on their own dental practices. The services provided by the company allow the dentists to focus on the delivery of dental services rather than on the administrative aspects of carrying on their businesses. The dentists pay fees to the company for the provision of these services under a Dental Service Agreement with the company. In some circumstances the company also employs qualified dentists.

The dentists who use the company's services range from new graduates to experienced dental professionals. Several dentists who use the company's services have special interests and experience in such areas as endodontics, oral surgery, implants and periodontics and cross-refer work to other dentists who use the company's services.

The company provides comprehensive services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to all participating dentists. The company also provides all support staff, equipment and facilities, and sources all consumable goods using the buying power which derives from such a large group of dental businesses.

FUTURE DEVELOPMENTS

The company's core objective is to continue to increase profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities.

The company aims to achieve a combination of organic growth in its existing locations and the addition of new practice management facilities.

The key drivers for future growth of the company are:

- Increasing profits by attracting more dentists to our existing facilities and expanding those facilities which are already at full capacity;
- Assisting dentists who already practice within the 1300SMILES system to increase their turnover and income through benchmarking, training, and mentoring;
- Establishing new practices in existing and new regions (greenfield sites);
- Acquiring substantial existing practices where we can do so on favourable terms; and
- Managing dental facilities owned by others.

DENTIST ENQUIRIES

Owners of dental practices who are interested in unlocking the goodwill value of their businesses (or freeing themselves from all the management hassles) are invited to contact Dr. Daryl Holmes OBE, Managing Director, on +61 (7) 4720 1300 or md@1300SMILES.com.au.

Qualified dentists who wish to know more about joining one of our established facilities are encouraged to contact Dr. Holmes directly or email dentalcareers@1300smiles.com.au or visit our website www.1300smiles.com.au/careers.