

ASX ANNOUNCEMENT

1300SMILES acquires another practice in Bundaberg

24 November 2020

1300SMILES Limited is pleased to advise that it has entered into an agreement to acquire another established dental practice in Bundaberg, expanding its footprint even further in the Wide Bay region in Queensland. The new practice will complement 1300SMILES' two existing Bundaberg practices and offer a full range of dental services to the local community.

Bundaberg (population approx. 45,000) is the major business and agricultural (sugar) centre in the Wide Bay-Burnett region (population approx. 150,000), located approximately halfway between Rockhampton and Brisbane (approx. 4 hour drive). It is also a well-known tourist destination being close to national parks and the southern end of the Great Barrier Reef Marine Park and host to a major CQUniversity Australia campus and the renowned Bundaberg Rum Distillery.

1300SMILES Managing Director, Dr. Daryl Holmes OBE commented, "This is an exciting acquisition as we already have two well established practices in the area. It will ensure that we can service the Wide Bay area even further. We look forward to welcoming the team of dentists and support staff to 1300SMILES following completion."

The acquisition is on customary commercial terms and completion conditions precedent, including 1300SMILES due diligence and subject to satisfaction of all conditions precedent, completion is expected to occur in December 2020. The Bundaberg practice is owned and operated by a senior and experienced dentist who will join 1300SMILES following completion.

The transaction is part of 1300SMILES' ordinary acquisition program and accordingly there will be no security holder approvals required or changes to the Board or Senior Management. It will be funded from cash reserves and existing debt facilities and is not expected to have a material impact on FY21 earnings.

This market announcement has been authorised for release to ASX by Dr. Daryl Holmes OBE, Managing Director. 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 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 recruitment@1300smiles.com.au or visit our website www.1300smiles.com.au/careers.