

ASX ANNOUNCEMENT

Trading Update (20 July 2020)

1300SMILES Ltd proudly advises that since the easing of Level 3, then Level 2 COVID-19 restrictions back down to Level 1 restrictions on Monday, 11 May 2020, the company has carefully and rapidly scaled-up its operations, reopening all Practices as soon as possible thereafter, to meet the sudden and growing influx of patient demand for dental services within all the communities we operate in, returning progressively to full operations day-by-day, throughout May 2020.

Although the pandemic materially affected our April & May revenue and profitability, our post-COVID recovery has been extremely positive and profound, as the key metrics below for June 2020 illustrate.

June'20 Highlights

- Revenue UP 18% compared with June 2019
- Same-store sales (SSS) revenue UP 20% on June 2019
- Increased utilisation of online booking platform UP 216% on June 2019
- Normalised EBITDA¹ UP 65% on June 2019
- Net Debt of \$8.3 million as at 30 June 2020

These incredibly strong results and overall performance in June have continued into July 2020, which is most pleasing.

The company is still in the process of finalising its full year results, but revenue (over the counter) was only down 3%, due to the dramatic effect of Level 2 and 3 restrictions during late March, all of April until 11 May 2020, when they were eased back to Level 1 (more normal operations) but still at a very high standard of infection control & sterilization, etc.

Managing Director, Dr Daryl Holmes said: "These are truly amazing results that I am so excited and reassured by, after coming through the most challenging and extraordinary months of April and May 2020, in my 30+ years as a dentist & businessman, the ongoing out-performance, continues to amaze our Board and I.

I am, and will be eternally grateful to all our Dental professionals, support staff and management team, who remained calm, communicated well, and continued to deliver care and operational support and planning during the challenging times we've all faced, and now beyond, as we emerge on the other side. Everyone's ability to stay safe, calm, and supportive in the darkest times, then re-engage with our Patients, colleagues, and Practices to efficiently and effectively treat the myriad of patient needs and demands during and post the COVID-19 pandemic, has been heartwarming and inspiring. We all look forward to wonderful, better times ahead, delivering great financial results to our shareholders."

¹ Excludes the benefit of payments received under the JobKeeper scheme, and the positive impact of AASB 16 Leases for June'20, whilst June 2019 EBITDA figure excludes the fair value gain on investment property and profit on disposal of assets.

This announcement and further information about 1300SMILES Limited can be found on the company's website at www.1300SMILES.com.au. This announcement has been authorised for release to ASX by the Managing Director.

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.