

ASX ANNOUNCEMENT

Trading Update – September 2020 and 1Q FY'21 Revenue Growth

9 October 2020

1300SMILES Limited (**Company**) is pleased to provide an update on its over the counter (OTC) revenue growth for September 2020 and 1Q FY'21.

The Company has continued to experience positive revenue growth throughout its network since the easing of COVID-19 restrictions in May 2020, recording same practice OTC revenue growth across all practices of 21.5% during September 2020 compared to the prior corresponding period (September 2019).

For the first quarter FY'21, same practice OTC revenue growth across all practices was 15.5% compared to the prior corresponding period (1Q FY'20).

Same Practice OTC revenue growth, excluding 2 practices located in central Brisbane and Sydney which continue to be adversely affected by COVID-19, during September 2020 was 23.8% and during 1Q FY'21 was 20.1%.

The Company's same practice OTC revenue growth is due to a range of factors, including increased patient demand for dental services and treatment acceptance rates/reappointments, growth in the number of dentists engaged by the Company and overall Hours Available, and operational efficiencies improving productivity and utilisation.

Managing Director, Dr Daryl Holmes said: "the Company's performance during 1Q FY'21 is extremely pleasing and a testament to the long-term strength and resilience of the 1300SMILES business. The Board and I, are grateful to all our dental professionals, support staff and management team for their continued dedication and focus during this challenging period, which has allowed 1300SMILES to achieve these excellent results."

Given the ongoing uncertainty in the market due to COVID-19, the Company cautions against extrapolating the Q1 FY'21 results for the full year.

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.