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ASX/MEDIA RELEASE

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Smiles Inclusive operations update

National dental network, Smiles Inclusive Limited (ASX: **SIL**) provides the following operations update on the integration of its initial portfolio of dental practices.

The Company has a 120 day integration plan for the initial portfolio of dental practices, focusing on:

- Completing acquisitions and property lease arrangements
- Consistent implementation of operational processes and systems across the network
- Re-branding and marketing to build awareness of the Totally Smiles brand and generate increasing patient numbers to drive chair utilisation.

Acquisitions and property leases

Acquisitions have been completed and property leases executed or assigned for 52 practices including Indooroopilly Dental Centre, which was announced on 27 April 2018 and has subsequently been acquired. The majority of these acquisitions settled on 20 April 2018.

The acquisition of the final practice from the initial portfolio is unlikely to proceed because the seller has been unable to obtain a release of encumbrances. The practice was significantly smaller and less profitable than the Indooroopilly Dental Centre practice.

Operational and system integration

More than 54% of the acquired practices are operational on the Totally Smiles Dental Group Practice Management System, with reporting integrated into head office systems to provide daily updates on key operating measures.

More than 250 employees across the national network have been on-boarded to the centralised payroll system, and an additional 100+ contracts have been issued to practitioners and service providers.

Vendor trading terms are being established and the Group has commenced consolidating preferred supplier partners to reduce costs and create efficiencies at practice level.

The Group is moving to introduce a uniform level of service capability across the network, with plans for equipment upgrades and refurbishments in preparation for planned marketing initiatives, and to ensure improved standards for quality, compliance and latest dental technology.

Re-branding and marketing

Branding the practices under the Totally Smiles banner has commenced with the first re-branded practice located in north Queensland. It is expected that re-branding will be completed across the network by September 2018.

A range of marketing activities to create brand awareness for Totally Smiles and drive growth in new patient numbers have commenced in key markets, including direct marketing from Melbourne to Cairns creating leads and generating new appointments.

Further acquisitions

Discussions are progressing with dental practices seeking to join the Totally Smiles network, and the Company is conducting due diligence on a number of prospective acquisitions.

Over May and June 2018, more than 490 dentists and dental practice owners have registered to attend five seminars across Australia explaining the Smiles Inclusive business model.

Managing Director, Mike Timoney said, "We have made good progress integrating our first practices onto a scalable management platform with a lean corporate office providing management, marketing and technology support.

"This model gives us strong foundations to optimise practice operations and significantly expand the network.

"This is a unique business model that is gaining attention in the dental market, and we have been approached by a number of practices that see the benefits in joining a national network and maintaining an economic interest in their business."

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