



Smiles Inclusive Limited

2019 Annual General Meeting

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Chair's Address

David Usasz



2019 was an extremely difficult year for Smiles Inclusive. Had it not been for the support of our primary banker, the National Australia Bank, we would not be standing here. We look forward to their continued support and as Tony and Emma implement our Turnaround plan. We started the business by purchasing more than 50 practices and tried to integrate and rebrand all the business immediately.

This proved too difficult and created problems for all our Joint Venture Partners. We recognized there were big changes required for our survival. With a few exceptions we now have a new support office.

We sadly endured an EGM on 22 May 2019 which made our recovery very difficult. Through hard work, and great efforts by our many practioner and staff we are on the road to recovery.

I want to thank my senior executive here today for their extraordinary efforts in re focusing our business and creating a future for Smiles Inc.

We have unfortunately been in the news too often for a company our size, and the disappointment is that a couple of dissidents have produced almost 100 critical press and news releases to try and destroy our Company for their own personal benefit.

We hope this is at an end.

I want to thank the loyal shareholders who have long suffered and I also take responsibility as a Director and now Chairman, for not changing our company's direction sooner.

I am the only senior person that has been with the business prior to the float. I promise I shall continue to try my best, together with your Directors to work with our senior team to create a successful business.

I would now like to Introduce Tony McCormack to make address.

I shall return thereafter for the formal business of the meeting.



CEO's Address

Tony McCormack





2019 Performance

2019 Key Performance Outcomes

	FY19	FY18	
Practice Revenue	34.6M	7.2M	2019 Full Year 2018 2 Months
Loss before finance, income tax and impairment	(5.7M)	(5.6M)	
Net Impairment and Revaluation	(23.9M)	NIL	Impairment (\$31M) JVP liability \$7.1M
Loss for the year	(31.0M)	(4.9M)	
Basic EPS	(53.3)	(32.4)	

What went wrong?

The disappointing start was largely a result of the failure to:

- Deliver all the support office services and capabilities promised to practices (Marketing, HR, Finance).
- Provide appropriate training with the change the Practice Management System.
- Continue with or replace the required investment in marketing.
- Develop the necessary efficient support office systems, processes and capability.
- Capture the opportunities with increased purchasing power,
- Develop the resource sharing and knowledge sharing opportunities.

This resulted in:

- Reduced revenue, increased expenses, a shortage of working capital, reduced staff which has adversely impacted the speed of recovery.
 - Some disengaged Joint Venture Partners (JVPs) and many disillusioned JVPs.
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Stabilisation Initiatives undertaken or underway.

- Cost savings - support office staff reductions.
- Renewal of the marketing strategy and investment.
- Focus on unprofitable businesses and performance management strategies
- Upskilling practitioners and improved sharing of existing skills.
- Development and delivery of practice staff training
- Revenue initiative review
- Mobile business re-establishment - appointment of General Manager, development of strategic relationships
- Review of the Dentures business





The Business

Smiles owns 56 dental practices operating from 82 sites.

Operations are categorised as:

- **Fixed Location Practices:**

- 19 general dentistry practices,
 - 23 special interest practices,
 - 7 specialist practices

- **Mobile Business:**

- operates in New South Wales and Victoria with a current focus on primary schools.

- **Dentures Business:**

- Operates in South Australia and country New South Wales and Victoria.

- **Currently engages 433 personnel:**
including 98 clinicians



FY19 resulted in

A number of practices with improved profitability compared to their pre acquisition performance.

A number of profitable practices performing below their pre acquisition performance.

A number of unprofitable practices.

Many committed JVPs working harder for less.



The Future

The way forward consists of defined actions to:

Increase revenues:

Improving sales and marketing, upskilling, sharing skills.

Reduce costs:

Efficient integrated systems, processes, training and performance management.

Recover relationships:

JVPs, Practice leaders, Patients, Suppliers and Investors

An update on the details are provided in the Newsletter on your seat.



The Business of The Meeting

Resolution One: Adoption of the Remuneration Report

For: 58,949,094

Open: 1,137,953

Against: 7,199,646

Abstain: 605,667

Resolution Two: Election of Mr Peter Fuller as a Director

For: 75,873,789

Open: 1,145,953

Against: 16,698,890

Abstain: 565,423

Resolution Three: Ratification of Share Issue to Investors

For: 52,497,110

Open: 1,135,953

Against: 10,641,848

Abstain: 14,500

Resolution Four: Approval of Additional Share Issue Capacity

For: 75,879,049

Open: 1,137,776

Against: 17,259,813

Abstain: 7,417