

4.3. Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement

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The table below sets out the Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for FY17 and FY18.

Table 4A – Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement

\$'000	NOTES	HISTORICAL PROFORMA FY17	FORECAST PROFORMA FY18	FORECAST STATUTORY FY18
Gross Practice revenue	1	51,948	57,641	14,410
Direct costs	2	(15,960)	(16,279)	(4,070)
Net Practice revenue		35,988	41,362	10,340
Consumables supplies expenses		(3,734)	(4,190)	(1,048)
Employee expenses		(11,440)	(12,316)	(3,079)
Marketing expenses		(587)	(598)	(150)
Occupancy expenses		(3,639)	(3,712)	(928)
Practice administration and other expenses		(2,094)	(2,518)	(630)
JV Partner EBIT share	3	(4,286)	(5,133)	(1,283)
Corporate overheads		(3,218)	(3,381)	(3,383)
EBITDA		6,990	9,514	(161)
Depreciation	4	(1,119)	(847)	(212)
EBIT		5,871	8,667	(373)
Net interest	5	(337)	(337)	(84)
Profit before tax		5,534	8,330	(457)
Income tax expense	6	(1,660)	(2,498)	137
NPAT		3,874	5,832	(320)
EBITDA growth on pcp			36.1%	
EBITDA margin % of gross Practice revenue		13.5%	16.5%	-1.1%
EBIT margin % of gross Practice revenue		11.3%	15.0%	-2.6%
NPAT margin % of gross Practice revenue		7.5%	10.1%	-2.2%

Notes:

- Gross Practice revenue** – represents revenue generated by Practices from providing dentistry services.
- Direct costs** – represents the service fees due to practitioners under the FASA net of laboratory costs.
- JV Partner EBIT share** – includes JV Partners' share of profits under the Joint Venture Partner Programme.
- Depreciation** – depreciation of property, plant and equipment as if the assets were held from 1 July 2016.
- Interest (net)** – the pro forma forecast interest (net) reflects the forecast expense on borrowing facilities at Completion, offset by interest income as if these facilities were held from 1 July 2016. The statutory interest expense reflects the expense for the period from 1 April 2018 to 30 June 2018.
- Income tax expense** – the income tax rate applicable to Smiles Inclusive which is approximately 30% for FY18 has been retrospectively applied to FY17 and is equivalent to the Australian corporate tax rate.



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PROSPECTUS

Smiles Inclusive Limited
ACN 621 105 824



Initial public offer of 35 million ordinary shares at an issue price per share of \$1.00 to raise \$35 million. This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Shares being offered under this Prospectus, or any matter relating to an investment in the Company. An investment in the Shares offered by this Prospectus is considered to be speculative.

Lead manager and underwriter
Morgans Corporate Limited