



ABN 27 621 105 824
ACN 621 105 824

16 April 2019

Dear Shareholders

Smiles Inclusive Limited: special meeting of Shareholders

Smiles Inclusive Limited (ASX: SIL) (**Company**) has received two notices under section 249D (**Shareholder Requisitions**) that commit the Company to holding a meeting of Shareholders (**Meeting**).

The Shareholder Requisitions collectively seek removal of all Directors other than me (Peter Evans), and to appoint Mr Joao Camacho as a director of the Company.

These requisitions are unnecessarily disruptive at a time when new CEO, Mr Tony McCormack, is taking important steps towards improving the performance of the business and repairing relationships with key stakeholders.

The Board has established an independent committee (**Independent Committee**) to co-ordinate the meeting and address potential conflicts arising from the Company's response to the Shareholder Requisitions. As the only Director whose removal is not sought at the upcoming Meeting, I am the sole member of the Independent Committee.

The notice of Meeting, explanatory memorandum and proxy form are enclosed, together with a statement related to the first Shareholder Requisition. I strongly encourage you to carefully review these documents so that you can form your own view as to how to vote on the resolutions.

Details of the Shareholder Requisitions necessitating the Meeting are set out below.

First Shareholder Requisition

The first Shareholder Requisition was received on 26 March 2019 from entities associated with current Directors, Mr Mike Timoney and Mr David Herlihy (**Timoney and Herlihy Shareholders**). This requisition proposes resolutions to remove Ms Tracy Penn as a Director, remove Mr David Usasz as a Director, remove any person appointed between 25 March 2019 and the Meeting as a Director, and appoint Mr Joao Camacho as a Director.

For the reasons set out in this letter and the explanatory memorandum, the Independent Committee is **opposing** each of these resolutions.

Second Shareholder Requisition

The second Shareholder Requisition was received from Poltick Pty Ltd and Mr Jonathan Hamilton (both as trustee and in his personal capacity), being a significant shareholder and a shareholder associated with one of the Company's joint venture partners respectively. This requisition proposes resolutions for the removal of Mr David Herlihy and Mr Mike Timoney as Directors.

For the reasons set out in this letter and the explanatory memorandum, the Independent Committee is **supporting** each of these resolutions.

Background to Shareholder Requisitions

The Timoney and Herlihy Shareholders have advised that their Shareholder Requisition is due to concerns about the governance of the Company, its leadership and management.

The second Shareholder Requisition is understood to be a response to the requisition instigated by Mr Timoney and Mr Herlihy, however no formal reasons have been provided to the Company as at the date of this letter.

More generally the Company acknowledges the dissatisfaction that has been expressed through (and in response to) the Shareholder Requisitions, and otherwise by stakeholders including Shareholders, joint venture partners, dental practitioners and staff, and the serious issues since listing reflected in:

- the share price falling from \$1.00 per share to \$0.17 per share (being the closing price on the trading day immediately prior to the date of this letter), equating to a fall of 83%;
- two earnings downgrades, including revised guidance issued on 28 February 2019 regarding a statutory loss for FY19; and
- dialogue with the Company's senior financier regarding potential covenant breaches, as advised in the announcement of 28 February 2019 and subsequent market updates.

Mr Timoney (CEO until 28 February 2019) and Mr Herlihy (Chair of the Board until 25 March 2019) have since listing had significant influence over the Company, including in respect of the areas of concern identified by them and other stakeholders. The Timoney and Herlihy Shareholders raised their concerns only recently as part of management and Board changes involving both Mr Timoney and Mr Herlihy.

Mr McCormack was appointed on 1 March 2019 to implement a turnaround strategy and has prepared a very comprehensive plan which I consider is the best way forward for the Company in its present circumstances.

Response to governance concerns

The Company strongly denies concerns raised by the Timoney and Herlihy Shareholders about its corporate governance.

The key governance concerns notified to the Board by Mr Timoney have pertained to the loss of his own position and the appointment of Mr McCormack (his successor as CEO). Mr Timoney considered that notwithstanding the prior consultancy of Mr McCormack and previous dealings between the Board and Mr McCormack (which are demonstrative of Mr McCormack's experience and skillset), that there had been insufficient 'due process and due diligence' (although this was not further explained to the Board). Mr Herlihy voted in favour of resolutions relating to the loss of Mr Timoney's position and the appointment of Mr McCormack, however he changed his position at the Board meeting on 25 March 2019 when the possibility of the first Shareholder Requisition was initially raised.

Mr Herlihy has not separately raised concerns to the Board regarding the Company's governance. Contrary to statements issued by him and Mr Timoney, Mr Herlihy did not resign as Chair in protest at abuse of good governance. He did so because he lost the support and confidence of the majority of the Board, and had been advised of this some weeks before his resignation.

Response to leadership and management concerns

Changes to leadership and management were proposed and implemented by the Company after it became apparent that the Company was not fulfilling the expectations of its Shareholders. This has included the appointment of a new CEO.

In implementing the changes the majority of the Board had formed the view that the removal of Mr Timoney as CEO was in the best interests of Shareholders, and that it was appropriate to appoint Mr McCormack as the new CEO.

Following Mr Timoney's removal as CEO, it became apparent that Mr Herlihy had lost the support and confidence of the majority of the Board.

After being given notice of the potential for the first Shareholder Requisition, the Board explored other options that may have avoided the need for an extraordinary meeting of Shareholders, which is a distraction to the Company at a critical time. Proposals included an offer by Mr Usasz and Ms Penn to resign from the Board on the basis that Mr Herlihy also resigned and the Company's CEO Mr McCormack be appointed as a Director. Mr Timoney rejected this approach, for reasons including that Mr Herlihy was not willing to resign as a Director.

The Shareholder Requisitions mean that Shareholders will again be required to consider the composition of the Company's Board on 22 May 2019. I strongly encourage your participation in this decision.

Factors that were considered relevant by the Board in respect of the changes in the Company's leadership included:

- the very poor business performance under Mr Timoney and Mr Herlihy's leadership;
- Mr Timoney and Mr Herlihy did not communicate to the Board any clear or compelling plan to improve the Company's performance;
- there were specific allegations against Mr Timoney bearing upon his suitability for leadership. The Company subsequently conducted an investigation and has commenced a claim in the Supreme Court of Queensland in respect of unlawful payments and transactions procured by Mr Timoney, as announced on 16 April 2019. Mr Herlihy is also a defendant for his role in the claimed contraventions;
- the majority of Directors did not support Mr Herlihy as Chair making it untenable for him to lead the Board and facilitate the effective contribution of all Directors (which is the key role of the Chair); and
- present financial circumstances necessitate an increased focus on financial performance. Mr Usasz has significant financial experience that is highly relevant and will assist in the performance of his duties as Chair.

A statement from the Timoney and Herlihy Shareholders, and supporting their Shareholder Requisition, is **enclosed** with the notice of Meeting. The statement has been considered, however the Company cannot take any responsibility for its content or accuracy, or whether it properly informs Shareholders about the Resolutions proposed by the Timoney and Herlihy Shareholders.

In response to the statement, the Company notes that it supports the appointment of a representative dentist to the Board. However, specialist dentists comprise a small proportion of dentists working in the Company's business (and specialist paediatric dentists represent an even smaller proportion) so it is not yet clear whether the Company's joint venture partners and dentists would be appropriately represented by Mr Joao Camacho (a specialist paediatric dentist who is the proposed dentist representative). Accordingly the Independent Committee considers that the appropriate course is for the Company to work with its joint venture partners, with a view to appointing an appropriately skilled and qualified director at or around the release of the Company's FY19 results.

It is acknowledged that the Timoney and Herlihy Shareholders sought to nominate three other persons as directors (Mark Ward, Hugh Amoyal and Vincent Fayad), none of whom have dental expertise based on the information provided. These additional nominations were raised at such a late stage in the process that the nominees are not eligible to be directors in accordance with the Shareholder nomination provisions in the Company's constitution. Shareholders are not being asked to consider these appointments at the Meeting.

The path from here

The Company has a challenging path ahead and it is critical that there is a collaborative and effective leadership team in place, with an appropriate skillset to deliver upon promises and implement the turnaround plan. On behalf of the Board, I encourage you to consider all meeting material carefully and participate in this decision by attending in person or lodging the proxy form attached to the notice of Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Evans', written in a cursive style.

Peter Evans
Independent Committee member

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Smiles Inclusive Limited (**Company**) will be held at KPMG, Level 16, Riparian Plaza, 71 Eagle Street, Brisbane City 4000 at 4.00pm (Brisbane time) on Wednesday, 22 May 2019 (**Meeting**).

This notice of Meeting (**Notice**) is an important document and should be read in its entirety. The explanatory memorandum attached to this Notice (**Explanatory Memorandum**) provides additional information on matters to be considered at the Meeting. The accompanying important notices, Explanatory Memorandum, glossary and the proxy form are part of this Notice.

The Independent Committee recommends that Shareholders vote:

- **AGAINST** resolutions 1 to 4; and
- **FOR** resolutions 5 and 6.

ITEMS OF BUSINESS

RESOLUTION 1: Removal of Director – Ms Tracy Penn

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to section 203D of the *Corporations Act 2001* (Cth), Ms Tracy Penn be removed as a director of Smiles Inclusive Limited with effect from the end of the general meeting of Smiles Inclusive Limited at which this resolution is passed."

RESOLUTION 2: Removal of Director – Mr David Usasz

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to section 203D of the *Corporations Act 2001* (Cth), Mr David Usasz be removed as a director of Smiles Inclusive Limited with effect from the end of the general meeting of Smiles Inclusive Limited at which this resolution is passed."

RESOLUTION 3: Removal of additional Directors

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to section 203D of the *Corporations Act 2001* (Cth), any person appointed as a director of Smiles Inclusive Limited on and from 25 March 2019 until the commencement of the general meeting at which this resolution is passed be removed as director of Smiles Inclusive Limited with effect from the end of the general meeting of Smiles Inclusive Limited at which this resolution is passed."

RESOLUTION 4: Election of Director – Mr Joao Manuel De Oliveira Camacho

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Joao Manuel De Oliveira Camacho, having consented to act, be appointed a director of Smiles Inclusive Limited with effect from the end of the general meeting of Smiles Inclusive Limited at which this resolution is passed."

RESOLUTION 5: Removal of Director – Mr David Herlihy

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to section 203D of the *Corporations Act 2001* (Cth), Mr David Herlihy be removed as director of the Company with effect from the close of the general meeting of the Company at which this resolution is passed."

RESOLUTION 6: Removal of Director – Mr Mike Timoney

To consider, and, if thought fit, pass the following resolution as an ordinary resolution:

“That, pursuant to section 203D of the *Corporations Act 2001* (Cth) and for all other purposes, Mr Mike Timoney be removed as director of the Company with effect from the close of the general meeting of the Company at which this resolution is passed.”



Peter Evans
Independent Committee member
16 April 2019

IMPORTANT NOTICES

VOTING ENTITLEMENT

- 1 It has been determined under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that for the purpose of voting at the Meeting or an adjourned meeting, shares are taken to be held by those persons recorded in the Company's register of Shareholders as at 7:00pm (Sydney time) on Monday, 20 May 2019.
- 2 If more than one joint holder of shares is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

PROXIES

- 3 A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. A proxy form is enclosed with this Notice.
- 4 A proxy need not be a Shareholder and can be either an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.
- 5 A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes (disregarding fractions).
- 6 Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. All directed proxies that are not voted on a poll at the Meeting will automatically default to the Chairman, who is required to vote the proxies as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to any voting restrictions.
- 7 In accordance with the recommendations of the Independent Committee, the Chairman intends to vote all available proxies as follows:
 - a **against** resolutions 1 to 4; and
 - b **for** resolutions 5 and 6.

Lodgement of proxy forms

- 8 If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- 9 To be effective, completed proxy forms (together with any additional documentation such as a power of attorney or appointment of a body corporate representative) must be received by the Company through its share registry by 4.00pm (Brisbane time) on Monday, 20 May 2019, by one of the following methods:
 - a **online:** online at www.linkmarketservices.com.au. At the website, Shareholders may select 'Investor Login' and log in with their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the proxy form). Once logged in please select "Voting" and follow the prompts;
 - b **by mail:** Smiles Inclusive Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia;
 - c **by fax:** to +61 2 9287 0309; or

- d **in person:** Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, or Level 12, 680 George Street, Sydney NSW 2000 (during business hours).
- 10 If you make a mistake or wish to **change your proxy**, you can do so by lodging a further proxy online or using a hard copy form. A newer proxy received before 4.00pm (Brisbane time) on Monday, 20 May 2019 will replace earlier versions. An additional proxy form may be obtained by calling the Company's share registry.

CORPORATE REPRESENTATIVES

- 11 A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been given previously to the Company.

ATTORNEYS

- 12 A Shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

SHAREHOLDER ENQUIRIES

- 13 If you have any questions on how to cast your votes, please call the Company's share registry, Link Market Services, on +61 1300 554 474 during business hours.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Meeting. Information relevant to the business to be conducted at the Meeting is provided in this Explanatory Memorandum and the document should be read in full.

ITEMS OF BUSINESS

Background to Resolutions

Any shareholder (or group of shareholders) holding more than 5% of the votes that may be cast at a general meeting is entitled to requisition pursuant to section 249D of the Corporations Act that a general meeting be called to have resolutions considered. Having received two Shareholder Requisitions pursuant to section 249D, the Company must call a general meeting of the Company within 21 days after the first Shareholder Requisition. The meeting must be held no later than 2 months after the date the notice under section 249D is received.

First Shareholder Requisition: Resolutions 1 to 4

On 26 March 2019, the Company received a notice under section 249D of the Corporations Act from MikeTim Super Pty Ltd, MRT49 Pty Ltd, DJ Herlihy Super Fund Pty Ltd and David Herlihy Pty Ltd, which are entities associated with current Directors Mr Mike Timoney and Mr David Herlihy respectively (collectively the **Timoney and Herlihy Shareholders**) proposing resolutions to remove Ms Tracy Penn as a Director, remove Mr David Usasz as a Director, remove any person appointed between 25 March 2019 and the Meeting as a Director and appoint Mr Joao Camacho as a Director. These are Resolutions 1 to 4 in this Notice.

At the time of lodging the Shareholder Requisition,¹ the Timoney and Herlihy Shareholders held 10,233,750 shares, or approximately 17.66% of the votes that may be cast at a general meeting.

Second Shareholder Requisition: Resolutions 5 and 6

The Company received a second Shareholder Requisition on 28 March 2019 from Poltick Pty Ltd and Mr Jonathan Hamilton (both as trustee and in his personal capacity), being a significant shareholder and a shareholder associated with one of the Company's joint venture partners respectively (collectively the **Second Requisitioning Shareholders**) proposing resolutions for the removal of Mr David Herlihy and Mr Mike Timoney as Directors. These are Resolutions 5 and 6 in this Notice.

At the time of lodging the Shareholder Requisition, the Second Requisitioning Shareholders held 2,971,300 shares, or approximately 5.13% of the votes that may be cast at a general meeting.

Independent Committee

The Shareholder Requisitions collectively seek removal of all Directors, other than Mr Peter Evans.

On 1 April 2019 the Board resolved to establish a committee (**Independent Committee**) to address any potential conflicts arising from the Company's response to the Shareholder Requisitions and maintain independence in the performance of the Company's obligations to call, arrange and hold the Meeting. The Independent Committee comprises Mr Peter Evans (being the only Director whose removal is not being sought at the Meeting). Mr Peter Evans is an independent non-executive Director.

The Independent Committee has obtained independent legal advice to ensure the member's duties are performed in accordance with the statutory, fiduciary and contractual obligations that are relevant and high levels of corporate governance are maintained.

Voting recommendations in this Notice have been provided by the Independent Committee.

¹ In accordance with section 249D(4), percentage of votes that requisitioning shareholders have is worked out as at the midnight before the request was given to the company.

RESOLUTION 1: Removal of Director – Ms Tracy Penn

Resolution 1 is an ordinary resolution and relates to the removal of Ms Tracy Penn as a Director. This resolution has been proposed by the Timoney and Herlihy Shareholders.

Ms Penn was appointed as an executive Director of the Company on 9 October 2017, preceding its listing on the ASX. Her appointment was ratified by Shareholders on 21 November 2018.

Ms Penn is a member of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Ms Penn has over 30 years of practice management experience in the dental industry and related fields.

She has worked as a practice development specialist for Dental Partners and also developed and operated the Oasis Academy and The Discovery Program (supporting dental professionals in understanding their businesses through a more focused approach).

Ms Penn has a Diploma in Practice Management with the Financial Management Research Centre and a Behavioural Dental Science Diploma with ProSynergy.

The Independent Committee supports Tracy Penn and recommends that Shareholders vote AGAINST Resolution 1.

RESOLUTION 2: Removal of Director – Mr David Usasz

Resolution 2 is an ordinary resolution and relates to the removal of Mr David Usasz as a Director. This resolution has been proposed by the Timoney and Herlihy Shareholders.

Mr Usasz is an independent non-executive Director appointed on 15 August 2017, preceding listing of the Company on the ASX. He was appointed as Chair of the Board effective 25 March 2019. Mr Usasz is a member of the Nomination and Remuneration Committee and the Chair of the Audit and Risk Committee.

Mr Usasz has over 40 years' experience in business in Australia and Hong Kong. In the past five years, he has held the position of Chair of ASX-listed entities GARDA Diversified Property Fund (July 2015 to February 2017) and GARDA Capital Group (listing in July 2016 to February 2017), and director of Cromwell Property Group (April 2007 to November 2014). David was also a non-executive director of Queensland Investment Corporation, the Queensland Government's wholly owned funds management business.

David holds a Bachelor of Commerce from the University of Queensland and is a Fellow of the Institute of Chartered Accountants.

The Independent Committee supports David Usasz and recommends that Shareholders vote AGAINST Resolution 2.

RESOLUTION 3: Removal of additional Directors

Resolution 3 is an ordinary resolution and relates to the removal of any person who is appointed as a Director on and from 25 March 2019 until the commencement of the Meeting. This resolution has been proposed by the Timoney and Herlihy Shareholders.

At the date of this Notice, no new Director has been appointed.

The Board will not exercise its power to appoint any new Director prior to the Meeting unless it is considered to be in the best interests of Shareholders. If a new Director were appointed, that Director could not hold office (without re-election) past the next annual general meeting (expected to be held in November 2019).

With reference to the above circumstances, the Independent Committee recommends that Shareholders vote AGAINST Resolution 3.

RESOLUTION 4: Election of Director – Mr Joao Manuel De Oliveira Camacho

Resolution 4 is an ordinary resolution and relates to the election of Mr Joao Camacho as a Director. This resolution has been proposed by the Timoney and Herlihy Shareholders.

Mr Camacho and an associated trust sold two dental practices in Western Australia to Totally Smiles in connection with the Company's listing. He continues to provide dental services to the Company's patients, and is also a joint venture partner with a continuing interest in the profitability of certain practices (together with his family trust). Mr Camacho (through a superannuation fund) has a relatively small interest in the Company's securities.

The Company confirms that it has conducted criminal record and bankruptcy history searches in respect of Mr Camacho. No records were identified.

Mr Camacho is a specialist paediatric dentist. The Timoney and Herlihy Shareholders have provided further details of his experience and qualifications in their accompanying statement.

While the Company supports having a representative dentist on the Board, specialist dentists at the time of this Notice comprise only a small proportion of dentists working in the Company's business (and specialist paediatric dentists represent an even smaller proportion) so it is not yet clear whether the Company's joint venture partners and dentists would be appropriately represented by Mr Camacho (the proposed dentist representative). Accordingly the Independent Committee considers that the appropriate course is for the Company to work with its joint venture partners, with a view to appointing an appropriately skilled and qualified director at or around the release of the Company's FY19 results.

If appointed, Mr Camacho would be a non-executive Director. Due to his continued interest in specific dental practices, the Company does not consider Mr Camacho to be independent.

With reference to the above circumstances, the Independent Committee does not support the election of Joao Camacho at this time and recommends that Shareholders vote AGAINST Resolution 4.

RESOLUTION 5: Removal of Director – Mr David Herlihy

Resolution 5 is an ordinary resolution and relates to the removal of Mr David Herlihy as a Director. This resolution has been proposed by the Second Requisitioning Shareholders.

Mr Herlihy is a non-executive Director who was appointed on 15 August 2017, preceding listing of the Company on the ASX. He was Chair of the Board until he lost confidence of the majority of Directors and resigned as Chair on 25 March 2019.

Mr Herlihy is the Chair of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee.

As previously acknowledged by the Company, the Company's business performance has been well below expectations during the period of Mr Herlihy's leadership.

Due to the association with Mr Mike Timoney (both personal and in connection with this Meeting), Mr Herlihy is no longer considered to be an independent Director.

The Company has also commenced proceedings in the Supreme Court of Queensland against (among others) Mr Herlihy, as announced on 16 April 2019. The claims against Mr Herlihy relate predominantly to his role in approving unauthorised related party payments to his associate, Mr Timoney, and Mr Timoney's related parties. The Company is seeking compensation for its losses.

Mr Herlihy's executive career includes senior roles at Capel Court Corporation Limited. He has previously acted as director of Godfrey Hirst Australia and various Paul Ramsay Group entities, and also been deputy chairman of Craig Mostyn Holdings and chairman of the State Transit Authority of NSW and Sydney Ferries.

His ASX experience includes acting as chairman of Mosaic Oil NL (September 2006 to October 2010), Pro-Pac Packaging Ltd (March 2010 to February 2011) and Fraser Range Holdings Ltd (August 2000 to May 2002).

David holds a Bachelor of Arts (UNSW) and was at listing a Fellow of the Australian Institute of Company Directors.

With reference to the above circumstances, the Independent Committee supports the removal of David Herlihy as a Director and recommends that Shareholders vote FOR Resolution 5.

RESOLUTION 6: Removal of Director – Mr Mike Timoney

Resolution 6 is an ordinary resolution and relates to the removal of Mr Mike Timoney as a Director. This resolution has been proposed by the Second Requisitioning Shareholders.

Mr Timoney began in the dental industry by founding Totally Teeth on the Gold Coast in 2005 which experienced significant growth before being sold in 2008.

In 2007, Mr Timoney co—founded Dental Partners (renamed Maven Dental Group by the new owners), an owner and operator of dental practices across Australia. Mr Timoney sold his shares in Dental Partners to Abano Healthcare (NZX-listed company) in July 2012 and served as CEO until January 2013.

Mr Timoney was an Ernst & Young Entrepreneur of the Year Finalist in 2011 (Queensland) and was at listing a member of the Australian Institute of Company Directors.

Mr Timoney was the Company's CEO through to 28 February 2019. As previously acknowledged by the Company, the Company's business performance was well below expectations during this period.

Following investigation by the Company into Mr Timoney's conduct, the Company has commenced a claim in the Supreme Court of Queensland in respect of unlawful payments and transactions procured by Mr Timoney, as announced on 16 April 2019. The Company is seeking compensation for its losses.

With reference to the above circumstances, the Independent Committee supports the removal of Mike Timoney as a Director and recommends that Shareholders vote FOR Resolution 6.

GLOSSARY

In this Notice, capitalised words and phrases have the following meanings:

ASX means ASX Limited ACN 008 624 691.

Board or **Directors** means the board of directors of the Company.

Chair means, as context requires, the chair of the Meeting or the chair of the Board.

Company means Smiles Inclusive Limited ACN 621 105 824.

Corporations Act means the *Corporations Act 2001* (Cth).

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Independent Committee means the independent committee established to co-ordinate the Meeting.

Meeting means the general meeting of the Company to be held pursuant to the Notice.

Notice means this notice of meeting.

Resolutions means the resolutions set out in the Notice.

Second Requisitioning Shareholders means Poltick Pty Ltd and Mr Jonathan Hamilton (both as trustee and in his personal capacity).

Share means a share in the capital of the Company, the terms of which are contained in the constitution of the Company.

Shareholder means a registered holder of Shares.

Shareholder Requisitions means the notices received by the Company under section 249D of the Corporations Act, from the Timoney and Herlihy Shareholders and the Second Requisitioning Shareholders, respectively.

Timoney and Herlihy Shareholders means MikeTim Super Pty Ltd, MRT49 Pty Ltd, DJ Herlihy Super Fund Pty Ltd and David Herlihy Pty Ltd, which are entities associated with current Directors Mr Mike Timoney and Mr David Herlihy respectively.



Smiles Inclusive
Together We Smile

ACN 621 105 824

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Smiles Inclusive Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474



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PROXY FORM

I/We being a member(s) of Smiles Inclusive Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **4:00pm (Brisbane time) on Wednesday, 22 May 2019 at KPMG, Level 16, Riparian Plaza, 71 Eagle Street, Brisbane City 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman intends to vote all undirected proxies against resolutions 1 to 4, and for resolutions 5 and 6. In exceptional circumstances, the Chairman may change his voting intention on any resolution, in which case an ASX announcement will be made.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 Removal of Director –
Ms Tracy Penn

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Removal of Director –
Mr David Usasz

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Removal of additional Directors

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Election of Director –
Mr Joao Manuel De Oliveira Camacho

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Removal of Director –
Mr David Herlihy

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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6 Removal of Director –
Mr Mike Timoney

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SIL PRX1901A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm (Brisbane time) on Monday, 20 May 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Smiles Inclusive Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

Smiles Inclusive Limited
Unit 3/38-40 Township Drive
West Burleigh QLD 4219

Dear Directors,

Request that Smiles Inclusive Limited (the "Company") give to all its members a statement

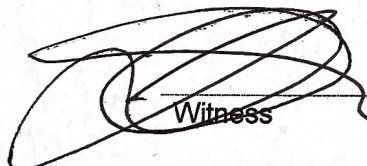
We are members of the Company with at least 5% of the votes that may be cast at a general meeting of the Company.

We hereby request, pursuant to section 249P of the *Corporations Act* 2001, that the Company give to all its members the statement attached to this letter, being a statement about resolutions proposed to be moved at a general meeting of the Company by the undersigned shareholders and provided to the Company on 1 April 2019.


Signed by:

SIGNED by MIKETIM SUPER PTY LTD)
ACN 617 662 076 in its capacity as)
trustee for the **MIKETIM)**
SUPERANNUATION FUND

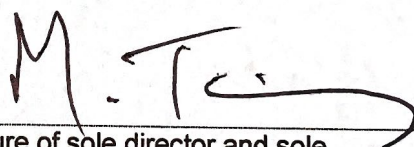
in the presence of



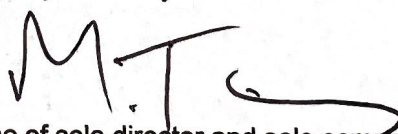
Witness



Name of witness



Signature of sole director and sole
company secretary

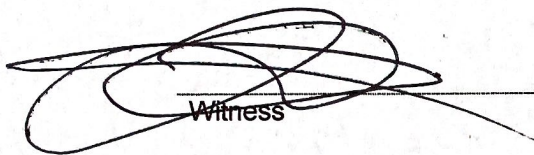


Name of sole director and sole company
secretary (print)

M. TIMONEY

SIGNED by MRT49 PTY LTD ACN 617)
486 923 in its capacity as trustee for)
THE PEVENSEY TRUST)

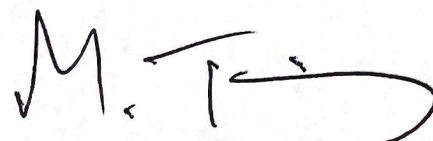
in the presence of



Witness

Z O'Donoghue

Name of witness



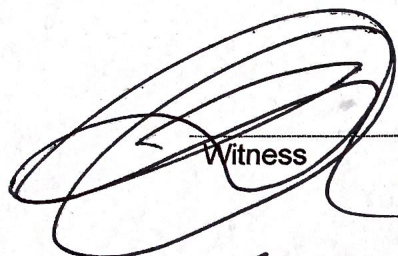
Signature of sole director and sole
company secretary

M. TIMONEY

Name of sole director and sole company
secretary (print)

SIGNED by DJ HERLIHY SUPER FUND)
PTY LTD ACN 621 410 991 in its)
capacity as trustee for the DJ HERLIHY)
SUPERANNUATION FUND

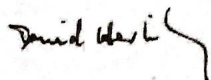
in the presence of



Witness



Name of witness



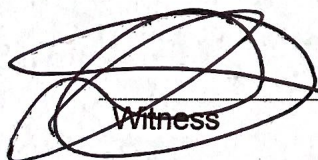
Signature of sole director and sole
company secretary

David Herlihy

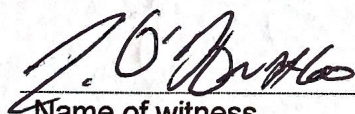
Name of sole director and sole company
secretary (print)

SIGNED by DAVID HERLIHY PTY LTD)
ACN 001 964 674)

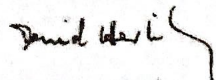
in the presence of



Witness



Name of witness



Signature of sole director and sole
company secretary

David Herlihy

Name of sole director and sole company
secretary (print)

10 April 2019

Dear Smiles Inclusive Shareholder,

Right Governance - Right Talent - Right Result

David Herlihy and Mike Timoney seek your support to implement positive changes to the way your Company is governed and significantly strengthen the calibre of talent entrusted to run the business. Mr Timoney, the Company's largest shareholder with 17%, is firmly committed to change that will benefit all shareholders.

We are excited to introduce a team of four new proposed Directors that will help take the Company forward. Profiles for Dr Camacho, Mr Ward, Mr Amoyal and Mr Fayad are shown on pages 2 and 3.

Regrettably Mr Evans, the sole member of a one-man EGM committee and aligned with Mr Usasz and Ms Penn, does not believe you should have the opportunity to vote at the EGM for Mr Ward, Mr Amoyal and Mr Fayad. Mr Evans believes to do so would ***“create confusion”, “complicate the meeting”, “without providing any substantive benefit.”***

Following the EGM we will appoint Mr Ward, Mr Amoyal and Mr Fayad as Directors and they will stand for election at the next AGM later in the year.

A – At the EGM we seek your support, through your vote, by voting:

- **‘FOR’** the resolution to **appoint** Dr John Camacho as a Director (a leading dentist)
- **‘FOR’** the resolution to **remove** Mr David Usasz as a Director
- **‘FOR’** the resolution to **remove** Ms Tracy Penn as a Director

B – At the EGM we seek your support, through your vote, by voting:

- **‘AGAINST’** the resolution to **remove** Mr David Herlihy as a Director
- **‘AGAINST’** the resolution to **remove** Mr Mike Timoney as a Director

Mr Herlihy resigned as your Chairman on Monday 25th March 2019 in protest at the governance of the Company. Mr Timoney founded your Company last year. **He retains the support of many Smiles dentists.** Mr Timoney would serve in a non-executive capacity going forward.

We will write to you directly in the next ten days. In summary terms we have called a general meeting to address:

- Grave concerns regarding ongoing corporate governance issues
- A desire to strengthen the Company's pool of talented people, starting with the Board

Our dentists are central to success. One of our resolutions is to appoint Dr Camacho as a Director.

Dr John Camacho – Clinical Understanding (VOTE [FOR DR CAMACHO AT THE EGM](#))

Dr John Camacho is a leading paediatric dental specialist, shareholder in Smiles Inclusive and heads up Smiles' Clinical Advisory Committee.

John has been in General and Specialist private practice for over 20 years having built and managed several successful dental businesses over time. John continues to maintain responsibility for thousands of patients and the job security of over 30 staff within his specialist practices.

John is passionate about the role of good dental health as part of a patient's overall well-being. It is this philosophy that motivated him to focus on paediatric dentistry and the desire to create positive dental experiences for children from a very young age.

John's qualifications include: BSc, BSc Dental (Hons), BDSc, MDS (Paediatric Dentistry), MRACDS (Paeds), FADI and is a former member of the ADA Council for six years (the peak industry body for the dental sector).

Mark Ward – Retail Rigour (will be appointed post the EGM)

Mark Ward has 40 years of senior retail experience with Australia's largest retail group, Wesfarmers.

From 2007 to early 2019 Mark was Managing Director of Officeworks. Over this period annual revenues increased by \$800m to \$2.1 billion, operating profits increased by 150% to \$156m and the return on capital tripled.

Prior to leading Officeworks Mark was a member of the Bunnings leadership team and the management group that pioneered the Bunnings retail chain in the mid-1990s.

Mark sits on several boards including the Bunnings board, Wesfarmer's advanced analytics advisory board and the board of Richmond Football Club. Mark maintains a no-nonsense approach to business – put oneself in the shoes of the customer, earn the trust of staff, do the basics well and roll one's sleeves up.

Hugh Amoyal – Customer Awareness (will be appointed post the EGM)

Hugh Amoyal has over 30 years of consumer marketing experience across a range of sectors from Fast Moving Consumer Goods to Healthcare in Australia and internationally.

From 2008 to 2013 Hugh was CEO of Ipsos Australia, part of the Ipsos Group, the world's third largest research agency. Under Hugh's leadership, Ipsos Australia went from the country's fifth largest firm to Australia's second largest market research company. Hugh subsequently joined Roy Morgan Research as Deputy CEO where he supported profitable growth.

Since 2016 Hugh has led his own big data advisory practice working with major ASX 100 corporations pioneering the commercialisation of new data sets. Hugh underpins commercial strategies with practical customer centric insights that unlock real value at the operational level.

Hugh was previously president of AMSRO, the industry's peak trade association.

Hugh was the recent Non-executive Chairman of highly successful 'Bang the Table' from 2015 to 2018. He holds an MBA from INSEAD.

Vincent Fayad – Financial Disciplines (will be appointed post the EGM)

Vincent Fayad brings practical financial experience focused on medium sized businesses through 35 years' experience in accounting, principally with accounting group PKF (now part of BDO).

At PKF Vincent led the corporate finance group including the areas of business valuation, IPO's and mergers and acquisitions involving a significant number of transactions. Vincent has deep understanding of corporate governance including ASX rules, the Corporations Act and professional standards.

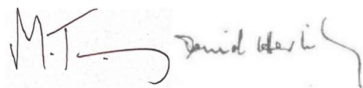
In 2016 Vincent established his own advisory firm and is co-founder of a boutique corporate finance firm, Invitac Corporate Finance.

Vincent is a director and secretary of Greenvale Energy Limited and Astro Resources NL.

Vincent holds a Bachelor of Business (with credit) and is a Chartered Accountant.

We are energised by the fresh outlook for Smiles Inclusive and the scope to emulate the many successful dental groups around the world, especially those located in North America.

We thank you again for your support.

The image shows two handwritten signatures in black ink. The signature on the left is 'M.T.' followed by a long horizontal stroke. The signature on the right is 'David Herlihy'.

Mike Timoney

David Herlihy