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## ASX Announcement

23 June 2021

### Smiles Inclusive Limited (Administrators Appointed): Release of Report to Creditors

The Administrators of the Smiles Group today released their report to creditors, recommending that creditors resolve to place Smiles Inclusive Limited (Administrators Appointed) (**SIL**) and Totally Smiles Pty Ltd (Administrators Appointed) (together, the **Smiles Group**) into liquidation at the second meeting of creditors to be held on 30 June 2021. This follows the sale of 16 practices to Genesis Capital (**Genesis**), and 21 practices to individual purchasers. A further 12 practices owned by the Smiles Group at the time of the appointment of the Administrators have been permanently closed.

The Administrators do not anticipate any distribution to unsecured creditors due to the financial position of the Smiles Group on appointment. However, the administration has yielded the following benefits for unsecured and priority creditors:

- At the time of finalising this report, an estimated 92 employees have (or will be) transferred to Genesis, reducing the number of priority creditors in the Smiles Group. These employees have also secured ongoing employment on terms no less favourable
- Further employees may have been offered employment through the sale of the 21 practices to individual purchasers. The Administrators are not aware of the number or specific terms of employment, however those practices employed approximately 90 staff at the time of appointment
- Through the sale of the practices, in the majority of cases landlords have maintained an ongoing tenant, which otherwise may not have been the case in a shut-down scenario
- A number of Joint Venture Partners (**JVPs**) have had value in their Joint Venture Agreements (**JVAs**) recognised through new agreements entered into with Genesis. Due to the financial position of the Smiles Group, these JVAs otherwise had no value.

### Second meeting of creditors

The Administrators of the Smiles Group – Luci Palaghia and Tim Heenan, of Deloitte Financial Services Pty Ltd – provided their statutory report to creditors pursuant to rule 72-225 of the Insolvency Practice Rules (Corporations) today, in which they confirmed the second meeting of creditors of the Smiles Group would be held on 30 June 2021.

At this meeting, the creditors will be asked to decide to either:

1. Resolve to execute a Deed of Company Arrangement (**DOCA**); or
2. Return the companies to the control of the directors; or
3. Put the companies into liquidation.

The Administrators also note that shortly before issuing the report, they received a DOCA proposal for SIL. Further analysis of the proposed DOCA is required, including canvassing stakeholders' views. Should this analysis change the Administrators' current recommendation that creditors resolve to place

SIL into liquidation prior to the second meeting of creditors, creditors will be notified accordingly and a further announcement issued.

No formal DOCA proposal has been received for Totally Smiles Pty Ltd (Administrators Appointed)

***This announcement has been approved for release by the Administrators.***

For further information please contact:

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