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ASX Announcement

1 July 2021

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

The Administrators of Smiles Inclusive Ltd (Administrators Appointed) (**SIL**) today released their Supplementary Report to Creditors, pursuant to rule 72-225 of the Insolvency Practice Rules (Corporations), recommending that the creditors of SIL resolve that SIL enter into a Deed of Company Arrangement (**DOCA**) proposed by Exit Solutions Ltd (**ES**)¹.

The key terms of the DOCA and associated agreement(s) include:

- A contribution of \$90,000 to the Administrators to provide for the partial payment of the Administrators' fees and out of pocket expenses
- The release of security interests. One or more of the secured creditor(s) will received a payment from the Deed Proponent in exchange for releasing their securities
- Creditors' claims are extinguished
- Effectuation upon ES obtaining at least 90% of the issued shares in SI (by way of shareholder resolution or pursuant to section 444GA of the Corporations Act) or within 12 months of the DOCA being executed.

Reconvened second meeting of creditors

At the second meeting of creditors held on Wednesday 30 June 2021, the meeting of creditors for SIL was adjourned until Friday 2 July 2021 at 11:00am AEST.

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

1. Resolve that SIL execute a DOCA; or
2. Return SIL to the control of the directors; or
3. Place SIL into liquidation.

The DOCA is expected to result in a greater return to one or more secured creditors and reduce the overall loss to creditors as a whole as compared to liquidation. Accordingly, it is the Administrators' opinion that it is in creditors' interests that SIL enter into the DOCA proposed by ES. Unfortunately, the Administrators do not anticipate any distribution to unsecured creditors under the DOCA due to the terms of the DOCA and the financial position of SIL on appointment.

This announcement has been approved for release by the Administrators.

For further information please contact:

Creditor Enquiries

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¹ ES is a Brisbane-based Australian public company 'established with the mission to enable entrepreneurs a profitable exit from their existing ventures'.

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