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ASX Announcement

15 February 2020

Smiles Inclusive Limited (Administrators Appointed): Asset Sale Agreement Executed

The Administrators are pleased to confirm that an Asset Sale Agreement (**ASA**) was entered by Totally Smiles Pty Ltd (Administrators Appointed), a subsidiary of Smiles Inclusive Limited (**SIL**), with Genesis Capital (**Genesis**) for the sale of 26 practices.

The selection of Genesis as the preferred bidder followed an intensive sale campaign which was launched immediately upon our appointment where we requested proposals from interested parties in respect of a sale or recapitalisation of SIL and its subsidiaries (**Group**). 20 expressions of interest for the sale of individual practices were received and 63 for the sale of groups of practices. The Administrators shortlisted the interested parties on Group practices to seven parties on 7 December 2020, and then to two on 22 December 2020.

The final shortlisted bidders presented to the JVPs and dental practitioners providing an overview of their respective plans for the future of the business and their commercial offerings.

Whilst the full commercial terms of the transaction will remain confidential for the time being, some key points are:

- The transaction is not subject to any minimum acceptance threshold requirements. That is, the sale of individual practices will complete for any practice where any relevant condition precedent is satisfied.
- All employees at those practices that complete will be offered employment on terms and conditions no less favourable than their existing conditions and have continuity of service recognised in full.
- Transferring JVPs will receive recognition of their financial interests in the practices.
- Completion is scheduled for no less than 5 business days from 24 February 2021, although both the Administrators and Genesis are committed to settling as soon as possible, and may elect to bring this date forward. There is also provision in the ASA to extend this completion timeframe if required.

The Administrators and Genesis are committed to working quickly and efficiently to completion of the transaction in a manner that minimises disruption on operations.

Voluntary Administrator, Luci Palaghia said: "Our utmost priority is to work closely with joint venture partners, management and practitioners to maintain operations and minimise business disruption during this transition period".

Notwithstanding the completion of the ASA, the Administrators still anticipate a shortfall to creditors and, as such, consider the shares of SIL to have no value.

This announcement has been approved for release by the Administrators.

For further information please contact:

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