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## **ASX Announcement**

**8 October 2020**

### **Smiles Inclusive Limited: underwriting agreement**

Further to its previously announced agreement that it is finalising its banking arrangements with NAB, Smiles Inclusive Limited (**Company**) is pleased to advise that it has signed an underwriting agreement (**UWA**) with Aitken Murray Capital Partners Pty Ltd (**AMCP**), and intends to raise approximately \$8 million via a fully underwritten rights issue at an issue price of 2.5c per share (**Rights Issue**). The Rights Issue is expected to be made pursuant to a prospectus under section 713 of the Corporations Act 2001, which is being prepared and will be lodged with ASIC and ASX in due course. The Company anticipates it will complete the Rights Issue on or around 7 December 2020, and proceeds are expected to be used to discharge liabilities to NAB. The Company is also working to refinance the balance of the NAB facilities, and ensure it has sufficient working capital to meet its objectives going forward. The Company is in detailed discussions with interested parties and expects to be in a position to provide an update on these discussions soon.

Regarding the previously announced release deed with NAB, the Company confirms that, while NAB has not yet granted an extension to the repayment dates under the deed, the Company remains in productive discussions with NAB, and expects to be in a position to provide a further update in coming days. While there are no direct consequences of non-payment under the release deed, the Company confirms that NAB still enjoys the customary rights it has for non-payment under its existing facilities. The Company otherwise confirms it has repaid the temporary JobKeeper facility held with NAB for the month of September.

Chairman, David Usasz: "The recent progress in turning around the business has been instrumental in allowing us to sign this underwriting agreement to raise new capital and will help to create a sustainable financial base for the business."

Chief Executive Officer, Michelle Aquilina: "When complete, the capital raising initiative will assist the Company to execute our Sustainable Improvement Strategy and positions us for profitable growth. It adds real momentum to the turnaround that we are currently working on. Along with the recent appointment of Dr Genna Levitch the capital raising shows that we are de-risking the business and heading in the right direction."

The UWA requires AMCP to subscribe for any shortfall under the Rights Issue (**Underwriting**), subject to a number of customary termination events. AMCP's underwriting fee will be 5% of the amounts raised under the Rights Issue, being approximately \$400,000 plus GST. AMCP will also be entitled to be repaid its reasonable out of pocket expenses by the Company.

Conditions to the Underwriting include AMCP being satisfied with due diligence and the Company's prospectus.

Further details of the Underwriting and the Rights Issue will be provided in the Company's prospectus.

The Company expects it will release its finalised 31 December 2019 accounts during the month of October, with the full year accounts to follow.

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

For further information please contact:

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