

NAB tightens the screws on Smiles Inclusive



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Smiles Inclusive (ASX: SIL) has been given a slight reprieve on a [\\$12 million debt repayment that was due on 11 September](#), but all transaction accounts with lender National Australia Bank (ASX: NAB) will need to be closed ahead of new deadlines in November.

By 4 November the dental group will have to pay back the \$12 million plus amounts owing under a credit card facility with the bank, which currently stands at \$137,819, as well as reasonable expenses borne by NAB.

But there's a major catch. Smiles isn't allowed to dispose of any assets in order to meet these repayment demands, adding pressure to a [recent order preventing the use of a reduced-content prospectus](#) for a planned \$8 million capital raising.

Earlier this week the Australian Securities and Investments Commission (ASIC) determined Smiles would need to issue a full prospectus if it wished to raise capital.

"Where a company fails to comply with its periodic disclosure obligations in a full, accurate and timely manner, ASIC will intervene to ensure that retail investors are protected," the corporate regulator said.

"In such circumstances, subsequent fundraisings should occur only with the benefit of a full prospectus so that there is adequate disclosure of a company's prospects and financial position.

"Smiles has the right to appeal to the Administrative Appeals Tribunal for review of ASIC's decision."

[ASIC bars Smiles Inclusive from capital raises, board overhaul attempt delayed](#)

As the company didn't produce an audited financial report for the December half, it also needs to prepare for a court date over the matter on 10 November.

The day prior to the hearing will be the cut-off date for paying back a \$198,791 JobKeeper facility to NAB, replacing bank guarantees on issue with third parties, ending the use of merchant facilities and closing all transaction accounts with the bank.

"The revised deed remains part of the company's broader recapitalisation plan, and the company is in advanced negotiations with potential funders to facilitate payments to NAB," Smiles Inclusive said today.

"The company will provide an update on these negotiations, and the company's anticipated underwritten capital raise in due course."

If Smiles Inclusive manages to pull off this seemingly insurmountable feat, the company's leadership will then need to contend with another extraordinary general meeting (EGM) likely to be called by dissenting shareholders in an attempt to overthrow the board.