

FRANCHISE DISCLOSURE DOCUMENT



Dentsmart LLC
an Illinois limited liability company
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The franchise offered is a vehicle paint-free dent removal ("PDR") business that will operate under the Dentsmart® brand, focusing on generating business through connections with body shops and insurance contacts.

The total investment necessary to begin operation of a Dentsmart franchise is \$79,100 and \$110,500. This includes \$25,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Nate Webb at 1333 El Camino Drive, Pekin, IL 61554, or (866) 336-8762.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: November 26, 2024.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much will I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to support my business?	Item 21 and Exhibit I include financial statements. Review these statements carefully.
Is the franchise system stable and growing or shrinking?	Item 20 summarizes the 3-year history of the number of company-owned and franchised outlets.
Will my business be the only Dentsmart business in my market?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
What's it like to be a Dentsmart franchisee?	Item 20 and Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Consider these facts about franchising before investing in any franchise:

1. **Continuing Responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.
2. **Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchised business or may harm your franchised business
3. **Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.
4. **Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.
5. **Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.
6. **Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.
7. **When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in [State]. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives the franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a

franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE DISCLOSURE DOCUMENT, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT C** OR THE STATE SPECIFIC FRANCHISE AGREEMENT AMENDMENTS IN **EXHIBIT E**, EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND RIGHT BEFORE THIS TABLE OF CONTENTS.

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Dentsmart LLC, and will be referred to in this document as “**Dentsmart**”, “**we**”, “**us**” or “**our**”. A person who buys a franchise from us will be referred to as “**you**.” If you are a corporation, partnership or other entity, “you” also includes your owners, and any other person or entity directly or indirectly owning an interest in you.

We are Dentsmart, LLC, an Illinois limited liability company, organized on July 6, 2022. The address of our principal place of business is 1333 El Camino Drive, Pekin, IL 61554. We conduct business under our corporate name and the name “Dentsmart.” Our agents for the service of process are disclosed in **Exhibit B**.

Parents, Predecessors and Affiliates

We do not have any parent entities.

We purchased the Dentsmart brand, and its franchise system, from our predecessor Dentsmart, Inc. (our “Predecessor”) on December 29, 2022. We have provided the types of PDR services franchisees provide (which will be referred to in this disclosure documents as “PDR Repairs”) since we purchased our Predecessor. Our Predecessor also provided the types of PDR Repairs franchisees provide between 2021 and the sale of the system to us. Our Predecessor first offered license agreements granting the right to use the Dentsmart name and system in 2001, the year it was founded, and started offering franchise agreements for Denstmart businesses in January 2010. To our knowledge, our Predecessor did not offer franchises in any other line of business. Our Predecessor’s principal business address is P.O. Box 10544 Murfreesboro, TN 37129.

We have affiliates, but at this time, none of them provide services or products to our franchisees. In the future, however, it is possible that they will do so.

The Franchises We Offer

We grant franchises for businesses that provide PDR Repairs and are operated under the Dentsmart® name. Franchisees primarily focus on partnering with body shops in their franchised territory to provide PDR Repairs to the body shops’ customers, and providing PDR Repairs to insurers whose claimants had vehicles damaged by hail during weather events.

The business you will conduct (we will call it the “**Franchised Business**”) refers to a business using our Dentsmart service marks and associated logos and symbols we designate from time to time (we will call these marks, logos and symbols the “**Licensed Marks**”) to provide PDR Repairs to customers of body shops, claimants of insurance companies, and individual vehicle owners. The Franchised Business will use the methods and procedures we have developed (our “**System**”) which includes our standards for conducting a Franchised Business, techniques and methods of operation, accounting, record keeping, training, marketing, advertising and public relations. Our standards and procedures for conducting a Franchised Business are set forth in our Franchise Agreement and Operations Manual.

You will sign a franchise agreement with us for the operation of your Franchised Business (the “**Franchise Agreement**”). The form of Franchise Agreement is attached to this FDD as **Exhibit D**. The Franchise Agreement will require you to operate the Franchised Business in a

defined territory (the “**Territory**”). We will determine the specific Territory you are granted based on various factors including, but not limited to, the amount of geographic area that can be served by a single Franchised Business, the frequency of storms producing hail and other weather events that cause exterior dents on vehicles, the availability of technicians who can be trained to perform PDR pursuant to our System and consistent with our standards, and estimates of the number of body shops in the Territory. You must operate the Franchised Business as a full-time business, even though you do not personally need to be involved in performing PDR. The Franchised Business will provide services to body shops and vehicle owners located in the Territory, and to insurers who have insureds in the Territory that have submitted hail claims. Operating a Franchised Business will also require you to handle the administrative and business aspects of the Franchised Business. This includes marketing to body shops and to insurance company contacts, such as insurance agents, in the Territory recruiting and training technicians, contracting with body shops to provide services to their customers, collecting payments owed to the Franchised Business by body shops, providing PDR Repairs for insureds of insurance companies we have agreements with, and generally overseeing the provision of services in the Territory.

You will also have to ensure that your technicians are properly trained in our System and prepared to meet our standards, and that they hold all current, professional licenses and certifications required by applicable law, if any, and have obtained the required insurance.

When you first sign the Franchise Agreement you will be granted rights in one Territory. If you later wish to expand your Franchised Business you may request to enlarge your Territory and, if you satisfy our then current criteria for the additional Territory, we may grant you such additional Territory. However, you do not have a right to receive additional Territory.

You can operate your Franchised Business out of a home office. However, if it becomes necessary to ensure the proper operation of the Franchised Business, we can require you to operate the Franchised Business from a professional office. You will also need a suitable vehicle to use in your operation of your Franchised Business. Currently we do not have any requirements for vehicle year, make or models, but we may set such standards and/or set general standards for its visual appearance and condition by adding such standards to our Operations Manual.

We provide services similar to the ones provided by franchisees in areas that are outside of franchised territories. Franchisees may also request that we make our technicians available to perform services within their Territories if demand for PDR Repairs in the franchisee’s Territory exceeds the franchisee’s capacity to meet demand with the technicians it has engaged. We also provide appraisal services for at least one insurance company. Through these services we prepare claim estimates for damages claimed by the insurer’s claimants. Franchised Businesses are not required, nor permitted, to perform adjuster services for insurance companies. We may also provide technician training, billing, payment processing, marketing and sales development, accounting, and collection services for Franchised Businesses who engage us to provide those services. You are not required to engage us to perform these services.

General Market and Competition

The market for PDR Repairs is well-developed. Franchised Businesses can expect to compete with local body shops who employ technicians capable of performing PDR Repairs, sole proprietors who are trained to perform such services, as well as other national, regional and local businesses that provide PDR Repairs, including broker based PDR operations, alliance based PDR operations and the few other “owner based” PDR businesses who use a model similar to Dentsmart. A significant amount of the repairs made by franchisees will be the result of hail

damage. Therefore, your sales will be based in significant part on the weather patterns in your Territory. We cannot estimate, predict or guarantee the frequency or severity of storms producing hail within a specific Territory.

Laws and Regulations

You must comply with all federal, state and local laws and regulations that apply to your operations, including those relating to the classification of technicians as employees or as independent contractors, workers' compensation, corporate, tax, environmental, sanitation, insurance, EEOC, OSHA, non-discrimination, employment and sexual harassment laws. This disclosure document does not address all laws or regulations that may apply to your Franchised Business. It will be your responsibility to ensure that the Franchised Business complies with all applicable laws, and that your technicians are properly classified as either employees or contractors, properly paid consistent with their classification, and provided with all benefits required by applicable law based on their classification.

Laws and regulations may change at any level of government at any time. As such, the costs of compliance may increase. You are responsible for staying informed about changes in laws and regulations that may impact the operation of your Franchised Business. We strongly urge you to consult with competent local legal counsel regarding all of the laws and regulations described above and others that may be applicable to you and your Franchised Business.

This document does not include all laws that may apply to your Franchised Business. You should also be aware of pending legislation that may affect your Franchised Business in the future.

Our Prior Experience

Though we only started offering Dentsmart franchises as of the issuance date of this FDD, our owners, Nate Webb and Jeff Williams, have owned Dentsmart franchises since January, 2014, and January, 2008, respectively. Their business, PDR Management, LLC is a Dentsmart franchisee that operates in the following territories: Illinois, eastern Missouri, Kentucky, and Indiana. We have provided PDR Repairs since we purchased the System from Our Predecessor in December, 2022.

Your Owner's Obligations

If you are an entity, all owners must sign an Owner's Guaranty in the form attached to the Franchise Agreement. In addition, all owners must sign the Owner's Acknowledgement in the Franchise Agreement agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement.

Item 2

BUSINESS EXPERIENCE

Jeff Williams – Chief Executive Officer

Jeff has been our Chief Executive Officer since our formation in July, 2022. Jeff has also had an ownership interest in PDR Management, Inc. and Willmz, Inc., Dentsmart franchisees, since

January, 2008. In addition, Jeff oversaw the technician resources of our Predecessor from January, 2020 until December, 2022. Jeff is located in Du Quoin, Illinois.

Nate Webb – Chief Operations Officer

Nate has been our Chief Operations Officer since our formation in July, 2022. Nate has also had an ownership interest in PDR Management, Inc. and BN Webb, Inc., Dentsmart franchisees, since January, 2014. In addition Nate served as a corporate business representative with our Predecessor from January, 2018 until December, 2022. Nate is located at our principal office in Pekin, Illinois.

Brittany Webb – Chief Financial Officer

Brittany has been our Chief Financial Officer since our formation in July, 2022. Brittany has also worked for PDR Management, Inc. and BN Webb, Inc. as an administrative and human resource director since 2015. Brittany is located at our principal office in Pekin, Illinois.

Rob Stuart – Catastrophe Manager

Rob has been our Catastrophe Manager since January, 2024. He was previously a Storm Coordinator with our Predecessor from December 2020 to November, 2022 and then a Storm Coordinator for us from November, 2022 to December, 2023. In addition, Rob was a body shop general manager at Total Collision and PDR in Arlington Heights, Illinois from August, 2016 to September, 2020. Rob is located in Sugar Grove, Illinois.

John Williams – Estimations Manager

John has been our Estimations Manager since November, 2022. John was previously an insurance liaison with our Predecessor from December, 2020 to April, 2022, and then Estimations Manager with our Predecessor from May 2022 to November, 2022. In addition, John was a Field Claim Manager at American Family Insurance from May, 2002 to August, 2020. John is located in Des Moines, Iowa.

Mark Abel – Technician Resource Manager

Mark has been our Technician Resource Manager since November, 2022. He is also the Operations Manager for Willmz, Inc. a position he has held since August, 2018. Previously he

was a Technician Resource Manager with our Predecessor from August, 2019 to November, 2022. Mark is located in Du Quoin, Illinois.

Gregg Ratliff – Sales Manager

Gregg has been our Sales Manager since December, 2022. Previously Gregg was the Sales Manager for our Predecessor from January, 2020 to December, 2022, and a Sales Manager with PDR Management from February, 2017 to December, 2019. Gregg is located in Pekin, IL.

Wanda Stewart – Marketing Manager

Wanda has been our Marketing Manager since December, 2022. Previously Wanda was a technician for Empire State Hail Company, Inc. a licensee of our Predecessor from January, 2021, to December, 2022, after returning to the workforce after starting her family. Wanda is located in Noblesville, IN.

Item 3

LITIGATION

Action involving our Predecessor

In the Matter of Dentsmart, Inc., OAH Docket No. 8-1005-22373-2, was filed by the State of Minnesota Department of Commerce on or about November, 2011, alleging that our Predecessor, Dentsmart, Inc., entered into a franchise agreement with a third party in Minnesota without first registering the franchise with the State of Minnesota in violation of Minn. Stat 80C.02 (2010). A Consent Order was reached by the parties and dated December 22, 2011, whereby our Predecessor agreed that it would no longer solicit, offer or sell franchises in the State of Minnesota until it satisfactorily completed registration and offered rescission to the franchisee operating in that state. Dentsmart was further ordered to pay a civil penalty in the amount of \$2,500.00.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

At the time you enter into the Franchise Agreement, you must pay an initial franchise fee of \$25,000 (the "Initial Franchise Fee") unless the Franchise Agreement you enter into is a successor franchise agreement entered into following the expiration of a prior franchise agreement or license agreement you entered into with our Predecessor. The Initial Franchise Fee is not refundable, and is fully earned upon your execution of the Franchise Agreement.

Item 6
OTHER FEES

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	8% of your Net PDR Sales; and 8% of your Gross Non-PDR Revenue	Royalty owed on Net PDR Sales is due on the earliest of the 15 th day of the month after the month in which you receive payment of the Net PDR Sales, or 120 days after you perform the PDR Repair for which the Net PDR Sales are owed, whether the payment is received or not; Royalty owed on Gross Non-PDR Revenue is due on or before the 20 th day of the month immediately following the month in which the Gross Non-PDR Revenue was received by you.	<p>Revenue your Franchised Business receives for PDR Repairs is referred to by us as "Gross PDR Sales." "Net PDR Sales" is equal to the amount of the Gross PDR Sales after Deductions have been subtracted.</p> <p>"Gross Non-PDR Revenue" is all revenue received by your Franchised Business for any reason other than PDR Repairs, such as the sale of products, or the sale of services other than PDR Repairs.</p> <p>See Note 2 for full definitions of Gross PDR Sales, Net PDR Sales, Deductions and Gross Non-PDR Revenue.</p>

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Administrative Fee ⁽³⁾	Currently the Administrative Fee is \$100, from which \$20 is paid to us.	At the same time as Royalty owed on Net PDR Sales.	<p>An Administrative Fee is to be deducted from all Gross PDR Sales that exceed the Administrative Fee Threshold after Shop Rent is deducted from the Gross PDR Sales. Currently, you are permitted to retain \$80 of the Administrative Fee, and are required to pay to us \$20.</p> <p>Currently the Administrative Fee Threshold is \$1,000.</p> <p>Shop Rent is the portion of the Gross PRD Sales owed to the body shop where the PDR Repair is performed, if any. The Shop Rent is set by you and the body shop and is set forth in an agreement between the two of you.</p>
Technology Fee	\$50 per month per technician engaged by you to perform PDR Repairs, plus \$75 per month per employee with access to the estimating software, plus \$2 per user at any body shop in the Territory with access to the "My Dentsmart Account" website.	At the same time and manner as royalty owed on Gross Non-PDR Revenue	The Technology Fee is used by us to pay the licensing fees charged for your use of the Vehicle Hub estimating software you are required to use in your operation of the Franchised Business.
Reinspection Fee	An amount equal to the costs we incur	Within 30 days of the date of the invoice for the fee	If you do not pass the initial pre-opening inspection, you must pay our costs to conduct a re-inspection.

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Advertising Cooperative Contribution	Currently none, but up to 2% of its combined Gross Revenues ⁽⁴⁾	Currently none. Any due date will be established by the Advertising Cooperative.	In the future we may set up Advertising Cooperatives and may require you to participate. The contributions paid to the Advertising Cooperative will off-set the amount you are otherwise required to pay under the Local Advertising Requirement. You may be required to pay the contributions to us, or to the Advertising Cooperative. See Note 5.
New Manager Training	\$3,000 per person	Upon request	If you hire a manager after you have completed your initial training, or if you replace the manager during the term of the Franchise Agreement, and we determine that they need training, you will have to pay us this fee. You will be responsible for any costs and expenses that you and the manager incur in connection with the training.
Additional Training	Currently \$350 per day per trainer, plus expenses	Upon request	Payable if you request additional training, or if we determine you require additional training. You are likely to incur travel and lodging expenses in addition to this fee.
Relocation costs	The amount of costs we incur in relation to your relocation of your Franchised Business, if any.	Upon request	If we approve of you relocating the Franchised Business, you will be solely responsible for all costs associated with the relocation, including costs we incur in relation to the relocation, which may include attorneys' fees.
Franchisee Conference Registration Fee	Currently none, but if charged it will be an amount set by us	Upon request	This fee is intended to off-set our expenses for organizing franchisee meetings. You are likely to incur travel and lodging expenses in addition to this fee.

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Project Management System Fee	Currently none, but an amount we sent	Upon request	If we make available to you and the Dentsmart System a project management system, you shall either reimburse us for your pro rata share of the cost of developing and maintaining the project management system, purchase the system at a cost set by us or a third party that sells the system or pay us a fee set by us for use of the system.
Additional Administrative Services	Currently, 2% of Net PDR Sales for front end billing services and payment processing; amounts set by us for other services	Upon request	If you choose to request that we provide you additional optional administrative services, you shall pay us a fee, or fees, set by us for those services. Such services may include billing services, training of technicians, payment processing, and marketing.
Quality Inspection Fee	An amount equal to the costs we incur	Within 15 days of the invoice for the fee	If our inspection of your Franchised Business indicates that the Franchised Business poses a threat to customer or public health or safety, you must pay us a Quality Inspection Fee for the cost of the inspection and any subsequent inspections needed until the Franchised Business rectifies the threat(s).
Public or private offering fee	\$25,000 for a public offering; \$10,000 for a private offering; or such higher amounts that are equal to the costs we incur	Upon submission of your request to make the offering	If you wish to offer the securities, units or other ownership interests in the franchisee through a public or private offering, you must pay this fee.
Audits	Costs of audit, including travel, lodging, and fees or wages for our personnel or third parties required to conduct the audit.	Upon demand	Payable if an audit shows an under-payment of at least 2% of Royalties and/or Administrative Fees. Also payable if you fail to file required financial reports.

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Alternative Supplier or Product Review Fee	The greater of \$500 and our actual cost	Upon request	Payable if you want to buy approved products or services from another supplier than one we have already approved, or if you want to buy different products or services than those we have approved.
Territory Increase Fee	Varies depending on the size of the territory expansion.	Upon approval of Territory expansion	During the term, you and we can agree to increase your Territory. The fee is payable if we grant you an increase of your Territory. We are not required to expand your Territory under any circumstances, and no circumstances give you a right to an expanded Territory.
Transfers	Currently \$2,000	Upon request	See Note 6.
Successor Agreement Fee	\$5,000	Upon signing of a successor Franchise Agreement	Payable if you fulfill the conditions for a successor agreement, and choose to enter into a successor agreement.
Indemnification	Will vary under the circumstances	Upon request	You must reimburse us for claims, including those related to the operation of the Franchised Business, any occurrence at the Franchised Business, or your breach of any terms of the Franchise Agreement and expenses that we incur to protect ourselves from, and to remedy any breach of, the Franchise Agreement by you.
Late Charge on Overdue Amounts	The lesser of 0.83% per month or the maximum rate allowed by law	Upon demand	Payable on overdue amounts owed to us. The late charge begins from the date of the underpayment.
Insurance	Actual cost of insurance and reasonable fee for us procuring it.	Upon demand	If you do not buy the insurance coverage required under the Franchise Agreement, we have the right to purchase it for you. You will have to reimburse us

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			for the cost of the insurance and our reasonable fee for procuring it for you. See Note 8.
Fees associated with legal actions against you	Will vary under the circumstances	As incurred	Under the Franchise Agreement you will reimburse us for costs and fees that we incur with regard to legal actions against you, your affiliates, your owners, and your affiliates' owners, if we are required to participate in that action, for example by responding to discovery requests or by making an appearance as a witness or otherwise.
Fee for sale of unauthorized products or services	\$250 per day	Upon demand	Payable if you sell, or offer, products or services we have not authorized. This fee is in addition to any Royalty or other fees owed on the sales pursuant to the Franchise Agreement.
Temporary Management Assistance Fee	A reasonable amount if our management is the result of your death or incapacity; 5% if we manage the business while the sale of the Franchised Business to us is pending.	As incurred	If your operating owner is incapacitated or dies, we have the right to step in and manage your Franchised Business; or if we exercise our option to purchase your business, we have the right to manage your business while the sale is pending.
Liquidated Damages	See Note 7.	Upon demand	See Note 7.

Notes:

- (1) These payments are uniform and are not refundable. Currently none of these fees are imposed or collected on behalf of a third party and are all payable to us. The Technology Fee, for the most part, will also be used by us to pay for the fees charged by technology and software providers for the products and services they provide to you. Unless other collection procedures and time frames are stated specifically for a fee, it is collected by us on a monthly basis, by electronic fund transfer (EFT).
- (2) **Definitions of terms relating to revenue and Royalty.**
- “Gross PDR Sales” means the amount charged by you for PDR Repairs but excluding sales taxes, or any other taxes collected by the franchisee from customers for transmittal to appropriate taxing authorities.
- “Net PDR Sales” means the amount equal to Gross PDR Sales less Deductions regardless of how the Gross PDR Sales are paid to the franchisee, including through barter and/or credit transactions, whether or not the revenue is collected. The Net PDR Sales will serve as the franchisee’s gross income from which the franchisee will pay its technicians, and its other expenses, and derive its income.
- “Deductions” collectively means the following expenses incurred by the franchisee that are paid from the franchisee’s Gross PDR Sales: the Administrative Fee; Shop Rent; the Unaffiliate Location Deduction; and the Offsite Location Deduction as those terms are defined in the Franchise Agreement.
- “Gross non-PDR Revenue” means all revenue attributable to or derived from the sale of Products or the provision of Services that are not PDR Repairs by the Franchised Business including barter and credit transactions, whether or not the revenue is collected; and/or proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of the Franchised Business; but excluding sales taxes, or any other taxes collected by the franchisee from customers for transmittal to appropriate taxing authorities.
- (3) **Administrative Fee.** The portion of the Administrative Fee paid to us shall be held as part of the Brand Protection and Development Fund. The Franchise Agreement permits us to increase or decrease the amount of the Administrative Fee, and the portion of the Administrative Fee you are allowed to retain, and the portion you are required to pay to us.
- (4) **Gross Revenue.** Gross Revenue is the sum of the Net PDR Sales and Gross non-PDR Revenue.
- (5) **Advertising Cooperative.** If we start a local or regional advertising cooperative for your area, you will have to contribute up to 2% of your Gross Revenue to the cooperative, though your required local marketing expenditures will be reduced by the same amount as you contribute to the cooperative.
- (6) **Transfers.** You must pay a Transfer Fee unless you are an individual owner who wishes to transfer the Franchise Agreement to a corporation, partnership or limited liability company formed by you, or you transfer not more than an aggregate of 25% of the ownership interest in yourself or your Franchised Business to employees who are actively engaged in the Franchised Business’ operations, as long as the transfer does not result

in a transfer of the Controlling Interest (as that term is defined in the Franchise Agreement).

- (7) **Liquidated Damages.** If you terminate the Franchise Agreement without cause, or if we terminate it for your breach, you will pay us liquidated damages to compensate us for the damages we incur as a result of you not operating your Franchised Business for the duration of the Franchise Agreement term. The liquidated damages will be an amount equal to the ongoing fees paid under the Franchise Agreement for the 24 months preceding the termination. If you have operated for less than 24 months, then we will use the period of actual operation and project what those fees would have been over a 24-month period. The fees included in the calculation are ongoing fees listed in Article 4 of the Franchise Agreement and include Royalty Fees, and Administrative Fees. The portion of liquidated damages that reflects the Administrative Fees that we did not receive because of the termination will be contributed to the Brand Development Fund.

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$25,000	Lump Sum	Upon signing the Franchise Agreement	Us
Training Expenses ⁽²⁾	\$2,500 - \$3,000	As incurred	As incurred	Hotels/ airlines/ restaurants/ rental car for one to two weeks in Du Quoin and/or Pekin, Illinois
Security and utility deposits and other costs associated with establishing your office ⁽³⁾	\$ 0 – \$4,500	As incurred	When charged by your landlord, usually upon you entering into a lease	Landlord
Office equipment, fixtures, leasehold improvements, whether purchased or leased ⁽⁴⁾	\$1,000	As incurred	As arranged	Contractors, and suppliers of your choice
Tools ⁽⁵⁾	\$10,000	As incurred	As arranged	Supplier of your choice, or us.
Business licenses and other licenses	\$1,500 – \$2,500	As incurred	As arranged	Government and/or licensing agencies
Software and Hardware ⁽⁶⁾	\$2,000 – \$3,000	As incurred	As arranged	Suppliers you choose

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Insurance ⁽⁷⁾	\$2,500 – \$3,000	As incurred	As arranged	Insurers and/or insurance brokers you choose
Grand opening advertising and marketing ⁽⁸⁾	\$2,000	As incurred	As arranged	Advertisers and/or vendors you choose
Other Professional Fees ⁽⁹⁾	\$3,500 – \$5,500	As incurred	As arranged	Financial and legal advisors you choose
Technician Training	\$9,000	Check or ACH	One-half up front with the remainder due at the end of the training	Us, or a trainer approved by us.
Additional Funds ⁽¹⁰⁾ – 3 months	\$20,000- \$40,000	As incurred	As arranged	Employees, government agencies, utilities, suppliers
Total	\$79,100 – \$110,500			

Notes:

This is our best estimate on the costs you will incur to develop and open a franchised business based on our experience and the experience of our Predecessor. The factors that underlie these estimates can vary considerably depending on a number of variables, and the investment you may make may be less or greater than the estimates given. The payments to us or our affiliates are non-refundable. Payments to third parties may or may not be refundable depending on the terms of your agreements with those parties. Neither we, nor our affiliates, offer financing for your initial investment.

- (1) **Initial Franchise Fee.** You must pay the initial franchise fee to us when you sign your initial franchise agreement. A 20% discount will be available to military veterans and spouses for their first location and Territory.
- (2) **Training Expenses.** The initial training for you/your owner and initial manager, if any, is included in the initial franchise fee, but you will have to pay expenses incurred while attending, such as travel and accommodation expenses. You will also have to pay your manager's salary.
- (3) **Real Estate.** You can operate the Franchised Business from a home office, or commercial office space. The higher number in this estimate is an estimated amount of an initial security deposit and other costs you may expect to pay to a landlord before starting to operate your Franchised Business to lease commercial office space, however the costs of leasing office space vary widely depending on the quality of the space, the market in which you are leasing space, and the size of the space. We do not estimate the cost for purchasing office space.
- (4) **Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, and decorating costs.** This item includes office equipment, supplies and a vehicle. There are no leasehold improvements required for your home office. Currently, we also don't have any design standards for a commercial office, but we may develop such standards. If we have standards at the time you choose to move to a commercial office, you will have to follow those standards. When you set up that office you may also incur some architect and design fees, even if we do not have any required standards.
- (5) **Tools.** You may choose to purchase tools used in performing PDR Repairs for you and your employees. Technicians performing PDR Repairs on behalf of your Franchised Business are expected to have their own tools.
- (6) **Software and Hardware.** You will need to purchase a computer that meets our required specifications. You will also need access to the software we require you to use in the operation of your Franchised Business. Software must be purchased from designated vendors, including Vehicle Hub. This estimate includes an estimate of the costs of purchasing hardware meeting our specifications, the upfront licensing fees associated with the software and 3 months of software subscription costs.
- (7) **Insurance.** The insurance requirements that you must meet may change during the term of your Franchise Agreement. The Operations Manual will set forth the most current requirements and we may also communicate the requirements in writing. If your landlord, if any, requires additional insurance, you will be required to obtain that coverage as well. At this time, we require that all insurance shall be procured at the earliest possible time that the franchisee has an insurable interest with respect thereto, but in no event later than the opening of the Franchised Business. We require it to be written by insurance companies with an A.M. Best rating of A-VI or greater. For more details on the required minimum insurance, see Item 11.
- (8) **Grand opening advertising and marketing.** This amount includes the \$2,000 that you are required to pay for grand opening advertising. You may choose to spend more than \$2,000 on your grand opening advertising to market your Franchised Business in the Territory.

- (9) **Other Professional Fees.** We recommend that you consult with a legal and/or financial advisor to advise you on the structuring of your business, the business regulations that will be applicable to your Franchised Business throughout your Territory. The estimate in this item assumes a simple ownership structure for the franchisee. If there are multiple owners of the franchisee the legal costs for setting up the company and creating agreements between the owners may be higher.
- (10) **Additional Funds.** You will need to reserve additional funds to cover expenses until the Franchised Business begins generating sufficient revenue to meet those costs. The expenses you will incur include payroll expenses, utilities, travel expenses, and other day-to-day business operations costs. You will also need funds to pay for your own living expenses during the initial period, and an amount to cover debt service payments and taxes. We estimate (without making any warranty) that the initial period will be 3 months before your Franchised Business generates a positive cash flow. The estimate given is the amount of additional funds, in excess of revenues, we estimate you will need to cover these expenses during this initial phase. This estimate is based on the experience of our owners operating businesses similar to the Franchised Business in Illinois since at least 2014.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Specifications: Except as listed below, neither we, nor any of our affiliates, currently require you to purchase or lease any goods, services, supplies, FF&E, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business either from us or our affiliates.

To ensure the high and uniform standards of service and quality to be maintained by all Dentsmart businesses, you must operate your Franchised Business in conformity with our methods, standards and specifications. You may be required to purchase certain equipment, supplies, inventory and similar items, and specific services consistent with specifications we establish, or only from suppliers we approve. The Operations Manual will identify equipment, supplies, inventory and similar items or services for which we have established specifications, or equipment, supplies, inventory and similar items or services that may only be purchased from approved vendors, along with the identity of our approved vendors. Software and hardware for your Franchised Business must comply with our specifications.

If you have more demand for PDR Repairs in your Territory than the technicians you have engaged are capable of handling, our resource department may provide you with technicians we have engaged to perform PDR Repairs on your behalf. You will pay to us a referral fee equal to 5% of the Net PDR Sales generated by work performed by technicians we have engaged.

In addition, you may purchase, but are not required to purchase, Dentsmart branded items, such as shirts or promotional materials, through our website. Otherwise, we and our affiliates do not currently sell or lease any products or services to our franchisees, but we may do so in the future. If we do so, we may be one of several approved suppliers, or the only approved supplier for the products or services we or our affiliates will offer. It is also possible that third party

vendors will wish to bill us for your purchases, and in that case we will in turn bill you for those purchases.

You are required to use Vehicle Hub estimating software in the operation of your Franchised Business. Currently, the fee for Vehicle Hub depends on the number of accounts associated with your Franchised Business. The monthly fee is equal to \$50 for each technician you have engaged to perform PDR Repairs for your Franchised Business, \$75 for each other type of employee who has access to the software and \$2 per user at any body shop in the Territory with access to the "My Dentsmart Account" website. You pay the fee to us and we pay the Vehicle Hub vendor. These prices are likely to increase for inflation and similar adjustments over the term of your Franchise Agreement.

We also set requirements for the types of insurance coverage all franchisees must have for their franchised businesses, and the minimum amounts of coverage they must have of each type. The Operations Manual will set forth the current insurance requirements or we will communicate these requirements to you in writing. If you lease property for your office, or to use to make PDR Repairs, and your landlord(s) require additional insurance, you will be required to obtain that coverage as well. At this time, we require that all insurance shall be procured at the earliest possible time that you have an insurable interest with respect thereto, but in no event later than the opening of the Franchised Business. We require all insurance policies to be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, you must maintain the following:

- (a) General public liability insurance against claims for personal injury, death or property damage in an amount of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate;
- (b) Garage keepers insurance in an amount of not less than \$100,000;
- (c) Business Automobile Liability insurance covering all of the franchisee's owned, non-owned, and hired automobiles with a minimum combined single limit of \$2,000,000 per accident for bodily injury and property damage.
- (d) Workers' Compensation and Employer's Liability insurance for all employees that work for the Franchised Business, regardless of whether the franchisee is able to exempt itself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state(s) where the Franchised Business is located, and the Employer's Liability coverage shall have limits of \$1,000,000 each accident for bodily injury by disease; \$1,000,000 each employee for bodily injury by disease; and \$1,000,000 policy limit for bodily injury by disease.
- (e) Excess or Umbrella Liability insurance which provides excess coverage over the underlying general liability policy with minimum limits of \$1,000,000 each occurrence and \$1,000,000 general aggregate.
- (f) Cyber Liability insurance in an amount of not less than \$100,000 in coverage.

We estimate that 11% to 15% of your initial purchases, and about 5% to 15% of your ongoing purchases of products and services will be purchased either from us, our affiliates, our designees, suppliers approved by us, or pursuant our specifications.

Alternative Suppliers and Alternative Products or Services: If we designate that certain products or services must be purchased consistent with our specifications, you must obtain our pre-approval to purchase any alternative products or services. Any request to purchase alternative products or services must be submitting in writing to us with all applicable information, specifications or samples we may require. The same applies if we designate that certain products or services must be purchased from an approved supplier and you wish to purchase that product or service from an alternative supplier. In each case we may charge a fee for the review. Currently, the fee is the higher of \$500 and the actual costs we incur to evaluate the alternative product or services, or the alternative supplier. The fee is intended to cover our expenses incurred in the review of the alternative product or service, or the alternative supplier. The fee is payable to us at the time you submit the request for approval, with any balance due after the request is made payable by the date stated in the invoice. Within a reasonable time we will notify you whether the alternative product or service, or supplier, is approved. We do not issue particular specifications and standards to franchisees for approving alternative suppliers, products or services and we do not make such criteria available to franchisees. If we revoke the approval of an alternative supplier, product, or service, you will be notified of the revocation in a manner we deem appropriate. Applications for approval are reviewed on a case-by-case basis.

Relationship Between Us and Approved Vendors: None of our officers own an interest in any third-party that serves as a supplier of our franchisees. In the future, we may negotiate purchase terms for products and services with vendors for the benefit of all Dentsmart System business, including franchised businesses and company-owned Dentsmart businesses. As part of those negotiations it is possible that we will receive rebates or other material consideration from the vendor related to required purchases made by our franchisees. We may retain those rebates or choose to pass such rebates on to the Brand Development and Protection Fund, or directly to you, but are not required to do so.

We did not receive any rebates from approved vendors based on franchisee purchases made in 2023 and neither we, nor our affiliates had any revenue from required purchases or leases of products or services by franchisees. We do not currently provide any material benefits to franchisees based on a franchisee's purchase of any particular or services or use of particular suppliers.

Currently there are no purchasing or distribution cooperatives for the Dentsmart franchise system.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement⁽¹⁾	Disclosure document item
a. Site selection and acquisition/lease	FA §5.2.D.	7 & 11
b. Pre-opening purchases/leases	FA §§5.1, 5.2, 5.3	7 & 8
c. Site development and other pre-opening requirements	FA §§5.1, 5.2, 5.3, 7.1, 7.2	6, 7 & 11
d. Initial and ongoing training	FA §§5.2, 6.1, 7.2, 7.3, 7.4	6, 7, 11 & 15
e. Opening	FA §§5.1, 5.2, 7.1, 7.2	7 & 11
f. Fees	FA Summary Pages, §§2.2, 2.8, 3.2, 4.1, 4.2, 5.2, 7.3, 7.4, 7.5, 7.7, 7.8, 7.17, 7.24, 7.25, 8.1.D, 8.3, 9.5, 10.5, 12.4, 12.5, 13.6, 13.7, 13.9, 14.3, 15.1, 15.2, 19.2.B, 19.7, the last subsection of the Guaranty, §§2 & 4 of Covenant Agreement.	5, 6, 7 & 11
g. Compliance with standards and policies/operating manual	FA §§2.1, 3.2, 6.1.B., 7.1, 7.2, 7.5, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.12, 7.15, 7.23, 8.1, 8.2, 8.8, 9.1, 10.1, 11.5, 11.6, 12.1, 12.5, 14.1.D	8, 11, 14 & 16
h. Trademarks and proprietary information	FA §§2.5, 7.23, 7.26, 8.1, 8.6, 9.1, 11, 15.1	13 & 14
i. Restrictions on products/services offered	FA §§2.4, 2.5, 7.8, 8.1, 8.2	8 & 16
j. Warranty and customer service requirements	FA §7.6	None
k. Territorial development and sales quotas	None	12

Obligation	Section in agreement⁽¹⁾	Disclosure document item
l. Ongoing product/service purchases	FA §8.1	8
m. Maintenance, appearance, and remodeling requirements	FA §§7.11, 7.12	8 & 11
n. Insurance	FA §§12.1, 12.2, 12.3, 12.4	6, 7 & 11
o. Advertising	FA §§4.1.B, 7.22, 7.26, 8.1, 8.6, 9.	6, 7, 8 & 11
p. Indemnification	FA §§12.5	6, 17
q. Owner participation/management/staffing	FA §§7.2, 7.4, 7.5, and 7.7	11 & 15
r. Records and reports	FA §§7.18, 7.20, 10.1, 10.2, 10.3 10.4, 10.5, 15.3	6 & 11
s. Inspections and audits	FA §§8.3, 8.4, 10.5	6 & 11
t. Transfer	FA §13	6, 15 & 17
u. Renewal	FA §§3.2	6
v. Post-termination obligations	FA §§11.2, 11.4, 11.12.B, 15, §2 of Covenant Agreement	6, 11, 14 & 17
w. Non-competition covenants	FA §§11.8, 11.12, Covenant Agreement	17
x. Dispute Resolution	FA §§19	17
y. Owner's Guaranty/Owner's Acknowledgement	FA §§ 7.19, 11.12.	1

Notes:

- (1) "FA" means the Franchise Agreement.

Item 10

FINANCING

We do not offer financing for any of the costs required under the Franchise Agreement. We do not guarantee any note, lease or obligation of yours.

However, if you choose to have us train one, or more, of your technicians, we, or the Brand Protection and Development Fund, may offer to finance the costs of that training. We may finance some, or all, of the costs of the training, which will depend on the number of technicians you ask us to train. The rate of interest you will be charged on the financing will vary, but will likely be between 3-5% based on what prime rates are at the time of the loan. You typically will have 24 months to repay the loan, and you will make monthly payments. The loan may be secured by the revenue of your Franchised Business. The guarantors of your Franchise Agreement may be asked to guaranty this loan. You are permitted to prepay the debt without penalty. If you default in your payments on the loan, the total amount due may be made immediately due and owing. We do not intend to sell, assign or discount to a third party all or any part of the financing arrangement. Since the financing is offered by us or the Brand Protection and Development Fund, we will not receive any consideration for placing the financing with any lender.

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Item 11

**FRANCHISOR'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS, AND TRAINING**

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your business, we will:

1. Designate a Territory for your Franchised Business. (Franchise Agreement Section 2.2)
2. Approve of your proposed direct sales and marketing plan, if we request that you provide it to us. (Franchise Agreement Section 5.1)

3. Approve of your Location. (Franchise Agreement Section 5.2.D.)
4. Provide a pre-opening training program for your owners and manager. (Franchise Agreement Sections 5.2.B., 6.1.C.). A description of our training program appears later in this Item 11 under the caption "Training Programs." Apart from the pre-opening training program, we are not required to help train your employees and we are not required to help you hire employees or engage technicians.
5. Upon reasonable request, we will consult with and advise you at our home office or virtually (e.g., by telephone, email, or virtual meeting) concerning the opening and operation of the Franchised Business. (Franchise Agreement – Section 6.1.A).
6. Make available to you the Operations Manual. (Franchise Agreement – Section 6.1.B.).
7. Establish an email address and a toll-free phone number for you to use in operating the Franchised business. (Franchise Agreement – Section 6.1.D.).
8. Provide you with access to the portion of our proprietary list of body shops that identifies body shops in the Territory of which we are aware, along with any contact information we have for those body shops. We will also send one representative to your Location to provide on-site assistance for a period of 10 days around the time you open the Franchised Business. (Franchise Agreement – Section 6.1.E.).

Opening of Your Business

Franchisees typically open their Franchised Businesses within two months of signing the Franchise Agreement, though you have 3 months to do so under the Franchise Agreement. In order for your Franchised Business to be operating you must be obtaining agreements with body shops in your Territory, or invoicing for PDR Repairs. The factors that affect this time include how long it takes to complete training, engage technicians, and get any necessary licenses.

Obligations During Operation of the Franchise

During the operation of the Franchised Business, we will:

1. Consult with and advise you at our offices, upon reasonable request, concerning the operation of the Franchised Business and challenges you may encounter. (Franchise Agreement Section 6.1.A.).
2. Develop and improve the System and modify and add to the Manual as we deem appropriate to reflect changes in the business, authorized products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures. (Franchise Agreement Section 6.1.B.).
3. Provide franchisee conferences and additional optional or required training programs or seminars as we deem appropriate in consideration of your payment of an additional training fee as described in Item 6. (Franchise Agreement Section 6.1.C.).

4. Conduct inspections of your Franchised Business and financial records, conduct evaluations of the products and services provided by your Franchised Business, and conduct interviews with your employees, agents and customers all as we may deem advisable. (Franchise Agreement Section 6.1.F.).
5. Maintain a website that provides information about the System, and provides for the promotion of the System, and which may identify your Franchised Business and other franchised businesses and/or body shops that work with Dentsmart. (Franchise Agreement Section 7.21)
6. Manage the Brand Protection and Development Fund. (Franchise Agreement Section 9.4). A description of the Brand Protection and Development Fund appears later in this Item 11.
7. Approve or disapprove all advertising, signage, written communications, and promotional plans and other materials displaying our Proprietary Marks which we have not prepared or previously approved. (Franchise Agreement Section 9.1).
8. At our sole discretion, from time to time, make suggestions regarding, or establish required standards for, the pricing of services you provide. If we make suggestions regarding pricing you may decide whether or not to follow those suggestions, but in most jurisdictions we have the right to set minimum and maximum product and service prices, and, where permitted, you must honor those minimum and maximum prices. You may also not offer coupons, discounts, gift cards, gift certificates, loyalty programs, mobile applications, online ordering capabilities and similar promotions without our prior approval in writing. (Franchise Agreement Section 8.8). (Also see Item 16).
9. Create a Dentsmart Directory of Franchised Businesses and company-owned Dentsmart businesses which will be provided to you. (Franchise Agreement Section 9.6).
10. Make additional technicians available to the Franchised Business for a fee if the Franchised Business does not have enough technicians engaged to meet the demand for PDR Repairs in the Territory. (Franchise Agreement Section 7.7.C.)
11. Set standards for the reports, financial records and other records of the Franchised Business' performance. Throughout the term of your Franchise Agreement we require you to use a standard form to document all PDR Repairs performed by the Franchised Business, or on its behalf, and require that you generate monthly reports. We may also require you to use a specific accounting software, and/or specific project management software, and give us access to your books. It will be up to you to maintain your books and to do your accounting. However, if you cannot provide us with the required reports in a timely fashion, or if we otherwise have reason to believe you are not properly maintaining your accounts, we have the right to require that you engage us, or that you engage an accounting firm approved by us, to maintain your accounts. You must also keep business records in the format required by us and must provide us with reports as set forth in the Operations Manual. (Franchise Agreement Sections 10.1, 10.2, 10.3, 10.4 and 10.5).

We are not required to establish any particular administrative or inventory control procedures, but we may choose to do so.

Advertising Program

While we are not required to do so, we expect to undertake different activities to promote the Dentsmart brand. We may prepare marketing and advertising materials in-house or through outside agencies, both national and regional. We are not required to spend any amount on advertising in the area that your Franchised Business' Territory. (Franchise Agreement Section 9.4)

Local Advertising, Websites and Social Media

To facilitate your local marketing and advertising, we plan to prepare pre-approved advertising materials. All other advertising, marketing, and publicity materials you use must first be approved by us. You must submit to us for our review and approval any materials not already approved by us. This includes all such materials, no matter the medium (e.g. print, digital, social media, and mobile apps). You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use certain materials, whether or not we previously prepared or approved the materials. (Franchise Agreement Sections 8.6, 9.1). We will try to notify you within seven (7) to fourteen (14) days whether any proposed advertising materials you have submitted to us have been approved or disapproved, but there is no time limit in the Franchise Agreement for how soon we need to let you know our decision.

At least thirty days before you expect to open your Franchised Business, you shall submit to us, for our prior approval, your direct sales and marketing plan. (Franchise Agreement Section 5.1).

During the term of the Franchise Agreement you are required to spend a minimum amount on local advertising. Currently this is \$10,000 per calendar year. We may from time to time specify what types of expenses count towards the required advertising spend. If we require you to participate in a local or regional advertising cooperative (described below) the amount you must spend on local advertising will be off-set against the amount you pay to the advertising cooperative. (Franchise Agreement Sections 9.3, 9.8).

We will maintain a website for the System, and you may not maintain your own website for your Franchised Business. We may, however, provide you with a subpage on the System website. We may provide standards pursuant to which you will either be allowed, or required, to develop a local presence through social media. Any online or digital presence, such as social media (for example Facebook, Instagram, X.com (formerly known as Twitter) and YouTube) and mobile applications, is subject to our social media policy and our general requirements about marketing and advertising. The social media policy (which is part of the Operations Manual) will include provisions about content and design, but also management of your accounts, and may require that we are either the owners of those accounts, or have co-administrative rights to the accounts. (Franchise Agreement Sections 7.21, 7.22).

Brand Protection and Development Fund

The Brand Protection and Development Fund (the “**BPDF**”) was created by our Predecessor using a different name. The Franchise Agreement created new uses for, and limits on, the BPDF and established its current name. The BPDF will be accounted for separately from

our other funds. We will not use the BPDF to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the BPDF. The BPDF may be used to pay for a broad range of expenses and activities intended to protect and promote the Dentsmart brand and the System. The BPDF may be used for the following purposes: BPDF funds may be given to franchisees so they can use the funds to pay technicians for PDR Repairs they performed but for which the franchisee has not been paid by the body shop; to grant loans to franchisees to pay the cost of having a technician, or technicians, trained in the Dentsmart system; and to market and promote the Dentsmart System and Brand. The BPDF may be used to cover costs associated with those purposes, including, but not limited to, costs of processing requests for use of BPDF money to pay technicians when body shops fail to remit payments to franchisees for PDR Repairs; the costs of attempting to collect overdue payments owed to franchisees on behalf of the BPDF; costs associated with lending money to franchisees to cover technician training costs; and research, development and preparation of national, regional, and local advertising, marketing strategy materials for use within the System and research, development and preparation of national, regional, and local advertising and marketing strategy development and implementation, and attendance at trade shows and insurance meetings to promote the brand. Advertising materials created by the BPDF may be disseminated via radio, television, print media, Internet (including social media), or outdoor advertising. The funds can also be used to create advertising materials for franchisees to use, fund customer satisfaction surveys, and to fund charitable, educational, and industry promotional activities we believe promote the System. These are only examples of the types of uses the funds can be used for. (Franchise Agreement Sections 7.21, 9.4).

The BPDF is currently funded by part of the Administrative Fee. The Administrative Fee is an amount deducted from the Gross PDR Sales owed to you for each PDR Repair performed by, or on behalf of, your Franchised Business for which the Gross PDR Sales owed, after Shop Rent has been deducted, exceeds the Administrative Fee Threshold. The amounts of the Administrative Fee and the Administrative Fee Threshold are set by us. The current Administrative Fee is \$100. The current Administrative Fee Threshold is \$1,000. We will not decrease the Administrative Fee Threshold to less than \$1,000. Currently, franchisees are required to pay \$20 of each Administrative Fee to us. We have the right to change the portion of the Administrative Fee that must be paid to us, and the portion that may be retained by you. (Franchise Agreement Sections 4.1.B., 9.4.E.).

The BPDF will be administered by us. We will establish the criteria pursuant to which franchisees can request and use BPDF money to pay technicians or to borrow money for technician training, a process for franchisees to use to request funds for those purposes, a process for evaluating which requests for use of BPDF funds will be granted, terms applicable to BPDF money to be lent to franchisees to pay for technician training, including terms related to the amount to be lent, the franchisees' obligations to pay the money back and whether the BPDF will charge interest to those borrowing money and if so how much, and limits on how much BPDF money may be used for each of the stated purposes. If and when we establish a franchisee advisory council, its board will serve in an advisory capacity to us relating to the use of the BPDF to protect and promote the Dentsmart system, but we will have sole discretion over the concepts, materials, and media used in these programs and activities and their placement and allocation. We are not required to spend the entire BPDF within any certain period of time, and we have the right to carry over BPDF contributions from year to year, if all BPDF contributions from one year are not spent that year. In any calendar year we may spend more or less than the amount of aggregate contributions from all Franchised Businesses to the BPDF in that year, and the BPDF

may borrow from us or from others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed to the BPDF before we expend other assets of the BPDF. We will not audit the BPDF, but franchisees may, upon written request to us, receive an annual accounting of how BPDF money is spent. BPDF contributions will not be principally used to sell additional franchises. (Franchise Agreement – Sections 9.4, 9.5).

Expenditures by the BPDF may not be proportionate or equivalent to contributions to the BPDF made by franchisees operating in any geographic area. You or your Franchised Business may not benefit directly or in proportion to your contribution to the BPDF. Neither we nor the BPDF will be liable to you for the maintenance, direction or administration of the BPDF, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. The funds collected by the BPDF and any earnings thereon, are not and shall not be an asset of ours or of any franchisee. (Franchise Agreement – Section 9.4).

During our last fiscal year \$117,854.43 of the BPDF was used. \$75,000 was lent to a franchisee for technician training costs and \$42,854.43 was paid to a franchisee to pay technicians for PDR Repairs they performed on which the franchisee has not been paid by the body shops.

Advisory Franchisee Committee

We do not currently have an advisory franchisee committee but may set one up in the future. (Franchise Agreement – Section 9.5).

Advertising Cooperatives

We have not established, but may in the future establish and maintain, local and regional advertising cooperatives for geographic areas (each an “**Advertising Cooperative**”), in which you must participate. We will determine the area for each Advertising Cooperative, but generally the intention would be to set up the area so that franchisees in a region or area can pool advertising funds that benefit the group by undertaking joint advertising and marketing programs. Franchisees and our affiliates’ Dentsmart businesses who are members of the Advertising Cooperatives will all contribute on the same basis. If you are paying an Advertising Cooperative fee you will be able to off-set the Advertising Cooperative fee against the minimum local marketing spend required under the Franchise Agreement. (Franchise Agreement – Section 9.8).

We will determine whether to form any Advertising Cooperatives, and if formed, we will decide if and how to change them, merge them, or dissolve them. We will be responsible for administering the Advertising Cooperative. We are not required to prepare written governing documents for any Advertising Cooperative, but if we do, the members of that Advertising Cooperative will be able to review the governing documents. The Advertising Cooperatives may prepare unaudited annual financial statements and those will be available to review by their members once finalized. (Franchise Agreement – Section 9.8).

Computer Systems

You must obtain and use the computer system which we require from time to time. You must have a computer and have a high-speed internet connection at your office. We encourage you to use Quickbooks for your accounting and may require you to use Quickbooks in the future. You must use our estimating software, Vehicle Hub, for several tasks including, front-end billing, preparing estimates, preparing invoices, calculating and tracking technician commissions and

calculating royalty owed to us. If we require you to use a project management system, you will have to use that system. There may be other hardware and software and software tools that we require you to use for the operation of your Franchised Business. (Franchise Agreement – Sections 7.5, 8.1B, 9.7).

The initial cost of the computer system is estimated to be between \$1,500 and \$2,000 depending on whether you already have computer equipment that meets our specifications, or if you purchase new equipment. The cost you actually incur will depend, in part, on the specific brands and models of equipment you choose. We have no contractual obligation to provide ongoing maintenance and repairs, or to upgrade or update any hardware or software, and neither does any affiliate ours, or any third party.

You will also have to pay monthly license fees for the estimating software that you use in your Franchised Business. The Technology Fee you pay to us is used by us to cover the portion of the license fees associated with your use of that software. The monthly Technology Fee is currently \$50 per technician, \$75 per non-technician employee, and \$2 per user at any body shop in the Territory with access to the “My Dentsmart Account” website, but it is subject to change if the costs of your use of the estimating software, or other software we require you to use, increases or decreases. (Franchise Agreement – Section 4.1.D.). You may be required to use other software, which may require you to pay a fee to the vendor of that software, or to us. We estimate that your monthly software-related expenses will be about \$550 based on you having five technicians and 3 administrators.

Upgrades and updates to the software programs that you will use are often included in the monthly license fees that you will pay, but in the future, we may require you to change, upgrade or modify the type of computer hardware and software beyond those types of upgrades and updates at your expense. There are no contractual limitations on the frequency and cost of this obligation. We are not required to reimburse you for any of these costs. We estimate that the annual cost of optional and required maintenance, updating, or support contracts for your computer equipment will be about \$3,500. (Franchise Agreement – Section 7.5).

We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software. (Franchise Agreement – Section 7.5).

You will have to implement the software, computer, and internet security procedures that are outlined in the Operations Manual from time to time. You may be required to use only approved hardware and software products and services, and to purchase or lease them only from approved vendors. (Franchise Agreement – Section 7.5).

We have the right to obtain independent access to all the data on your computer, including but not limited to financial, operating, and key metric data. There are no contractual limitations on our right to access the computer or the data thereon. (Franchise Agreement – Section 7.18).

You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including biometric or health data (“**Personal Information**”) in accordance with applicable laws and industry best practices. You must comply with the Payment Card Industry Data Security Standard (commonly known as “PCI Compliance” or “PCI-DSS”). It is your responsibility (even if we provide you assistance or guidance) to confirm that the safeguards you use to protect Personal Information comply with all

applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately and specify the extent to which Personal Information was compromised or disclosed. (Franchise Agreement – Section 7.27).

Operations Manual

The table of contents of our Operations Manual is attached as **Exhibit F**. The manual has 98 pages. We plan to make the Operations Manual available to you through our intranet/business portal which may also include other information intended to help you operate, or promote, your Franchised Business. (Franchise Agreement Section 6.1.B.).

Training Program

We will provide you, your owners, and your manager, if any, with pre-opening training before you open your Franchised Business. The training will take place in Du Quoin or Pekin, Illinois. You will be required to cover the cost for travel and any wages or expenses incurred to attend the training. (Franchise Agreement Section 7.2).

The training program will last for approximately four to five weeks, but the exact hours of training depend on your previous experience with operating a PDR business similar to the Franchised Business. If you already operate the Franchised Business in one or more Territories, we may waive the initial training requirement completely or in part for one or more of the persons who would normally be required to participate.

You, or at least one of your owners, and your manager, if you are approved to use a manager, must complete the entire training program to our satisfaction before the opening of your Franchised Business. If any of your attendees fail any portion of the training, we have the right to terminate the Franchise Agreement. If you want to bring additional persons to training their participation is subject to our approval, and we may limit the number of attendees due to space limitations.

There is no fee charged by us for the initial training described in the chart below, but you are responsible for all costs incurred by your attendees, such as travel and accommodation and compensation.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Programs - Explanation of our system, marketing, recruiting	40 hours		Franchisor Location
Systems - Begin recruitment of bodyshops, technician interviews, insurance contacts		80-120 hours	Franchisee Location
Procedures - Explanation of reporting; generation and submission, Estimating process, Supplements, etc.	40 hours		Franchisor Location

We will use various training materials as part of the training, including the Operations Manual and video content. We will organize the initial training program on an as-needed basis so that you and other new franchisees can complete the training before you open your Franchised Business. Training may be conducted just for your team, or may be combined with training for other new franchisees.

The training is led by Jeff Williams who has provided training to our franchisees since we started selling new franchises in 2024, and who has been involved in the operation of PDR Repair and Dentsmart businesses since 2008. Our certified classroom trainers are Matt Rohlfing and Shannon Caraker. Matt was trained as a Dentsmart Technician in 2010, and is certified as a Master + Technician, Field Trainer, and Storm Leader. Shannon has been a technician with Dentsmart since 2003, and currently serves as a Quality Control Manager for the Corporate Catastrophe Team.

The initial training must be completed not just by you, but also by your manager (if any). If the manager leaves your employment and you hire another manager, or if you don't initially have a manager but later hire one, you must train the new manager within 120 days of their hire. Depending on how long you have operated your Franchised Business and your experience we may allow you to train managers yourself, but we always reserve the right to have your managers trained by us. There is no fee for training your initial manager, if they receive training at the same time you/your owners receive their initial training. If you need to train a manager later we will charge a fee for the training. Currently, the fee is \$350 per day but we may increase the fee if necessary to cover our expenses for providing the training. (Franchise Agreement Sections 7.2, 7.4).

We do not provide training to your other employees. They are your employees, and you are responsible for ensuring that they learn everything they need to know about the System to effectively perform their duties.

We may, at our option, provide training in Dentsmart's System to Technicians that you later engage as employees or independent contractors. Currently, the charge for technician

training is \$15,000 per technician. This cost includes tools for the technician to use after being trained. You may also request additional training at your location. If we approve it, currently the fee will be \$350 per day per trainer, and you will be responsible for the travel, accommodations, and meals, for the person(s) conducting the training.

We will offer periodic mandatory and optional additional and refresher training programs for you and your Owners. Refresher and additional training may be offered at any location designated by us, and may also be held virtually. We may charge a reasonable fee for attending these training programs, intended to off-set our costs for holding the programs. You will also be responsible for all costs incurred by your attendees, such as costs for travel and accommodations. (Franchise Agreement Sections 6.1.C., 7.4).

We also have the right to require that you and your Owners attend a national or regional business meeting or annual convention for our franchisees. We may charge a registration fee for attending. You will also be responsible for all costs incurred by your attendees, such as costs for travel and accommodations. Refresher training may be conducted in conjunction with these business meetings or conventions. (Franchise Agreement Section 7.3).

Item 12

TERRITORY

Territory, Office, and Additional Services in Territory: We will grant you a protected area in which you will operate your Franchised Business (“**Territory**”) and provide PDR Repairs. The Territory is typically defined by counties, states, or portions of states and will be based upon a number of factors including the prevalence of hail producing storms in the Territory, size of territory we believe you can serve, the number of body shops we believe are in the territory, and the availability of technicians in, or in proximity to, the Territory.

You must maintain an office in your Territory out of which you operate the Franchised Business. Any Location you use (including a home office) must be approved by us. You will have to give us at least 60 days’ advanced written notice of your desire to move to a new office space and we will have the right to approve or reject the new office space.

The size of the Territory will remain the same throughout the term of your Franchise Agreement if you remain in good standing. You are not required to meet certain sales volumes, market penetrations, or other contingencies to maintain the size of your Territory, however you must satisfy certain marketing obligations to be in compliance with your Franchise Agreement. If we believe you are able to handle an expansion of your Territory we may, in our discretion, offer you the opportunity to expand your Territory by adding additional, contiguous areas to the Territory. If you choose to take advantage of this Territory expansion option, you will have to pay us an additional fee. The fee will be based on the size of the additional area.

You are to provide services throughout your Territory. We expect you to actively work to develop relationships with body shops and insurance contacts throughout your Territory.

If a weather event occurs in an area that is not serviced by a Franchised Business or a company owned Dentsmart business, you may request to provide PDR Repairs in that area. You must submit your request to us. We must decide, in our sole discretion, that you are qualified to service the area. Our decision will be based, in part, on our determination of your ability to provide

a sufficient number of qualified technicians to handle the expected number of PDR Repairs, your ability to develop, and manage, relationships with body shops in the area, and your ability to continue serving body shops in your Territory while serving the non-franchised area. Permission to serve non-franchised areas will be granted to qualified franchisees on a first come, first served basis. Full details on how to request the opportunity to serve non-franchised areas are set out in the Operations Manual.

Your Rights in the Territory: There are certain limitations to your rights in the Territory and your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. We will not open our own Dentsmart business, or license our affiliates or any other franchisees to operate a Franchised Business in your Territory. However, we will seek to develop relationships with Key Accounts (described below) in your Territory, and if you do not qualify for providing services to the Key Account customers, or decline to do so, we may offer other franchisees the right to service those accounts, or we may service those accounts, even though they are in your Territory. Further, if a weather event occurs in your Territory, and you are unable to adequately service the number of PDR Repairs requested by the body shops or National Account(s) in your area, or if you do not have the experience or training to manage the PDR Repair response to a large weather event, we may choose to manage the event on your behalf. In addition, we have the right to market and advertise in your Territory. Also, we and our affiliates may use other channels of distribution (such as wholesale, sales through stores, Internet, catalog sales, telemarketing, and other direct marketing sales) to offer Dentsmart services and products in your Territory, and if we develop another brand of car care repairs or services, or another type of business, that brand may operate in your Territory or distribute products or services in your Territory. Neither we, nor our affiliates owe you any compensation for such sales in your Territory.

Key Accounts: We reserve the right to pursue and identify businesses that operate in several locations across a geographic area or region, including with locations in your Territory. We refer to those businesses as “Key Accounts”. Key Accounts may set specific requirements for providing PDR Repairs at their locations that are different than those we set. If you meet the requirements for specific Key Accounts operating in your Territory we will offer you the right to service customers of Key Accounts. However, if you do not meet the requirements, or if you decline or do not respond to our offer to service the Key Account, we have the right to assign the customers of the Key Account in your Territory to other franchisees, or company-owned locations or we may service the Key Account in your Territory. If you agree to service customers of the Key Account you will have to do so on the terms negotiated with the Key Account. We may charge a referral fee for referring the Key Account to you.

Though we currently have no plans to do so, we reserve the right to market, sell, and license others to market and sell, similar products and services to those offered by your Franchised Business in your Territory, as long as they are offered under a different trademark.

Relocation, No Right of First Refusal, and Rights to Additional Territories: If you wish to relocate offices you need to give us advance notice in writing and the new office location will be subject to our approval. The office must be inside the Territory. The franchise agreement doesn’t grant you any right of first refusal.

When you first sign the Franchise Agreement you will be granted rights in one Territory. If you later wish to expand your Franchised Business you may request that your Territory be expanded and, if you satisfy our then current criteria for the requested additional Territory we may

grant you such rights if we choose to do so. You will have to pay an initial franchise fee for the additional Territory, as if you were signing a new Franchise Agreement, but we will grant you a 20% discount off the then current initial franchise fee. We have not yet established the exact criteria for approving additional Territories, but at this time only consider requests after the franchisee has operated the Franchised Business for at least 24 months and is showing on-trend or better performance than the average franchisee, with high customer satisfaction ratings. Some terms for operation of an additional Territory may be different than for the operation of your initial Territory. For example, we may require that you have an office manager to manage services provided in the additional Territory.

Item 13

TRADEMARKS

We grant you the non-exclusive right to operate the Franchised Business under the following principal trademarks, service marks, names, logos and commercial symbols which we own, including trademarks our Predecessor registered with the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date	Principal or Supplemental Register of USPTO
Dentsmart	2,722,575	June 3, 2003	Principal
Accountable, Reliable, Credible	3,368,096	January 15, 2008	Principal

We may also permit, or require, you to use other current or future trademarks, trade names, services marks, logos and slogans to identify your Franchised Business.

You must follow our rules when you use these marks. You cannot use a name or mark as part of your corporate names or with modifying words, designs or symbols, except for those which we license you to use. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any manner we have not expressly authorized in writing.

We have filed all required affidavits of Continuing Use and Incontestability. We intend to renew the registrations prior to their expiration.

We claim common law rights to all our designs, logos and trade dress items including color schemes and appearance, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition, and copyright protection of materials and information you are granted the right to use under the Franchise Agreement.

You must follow our rules when you use these marks. You cannot use a name or mark as part of your corporate name. You cannot use modifying words, designs or symbols, with our

name or mark except for those which we license you to use. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any manner we have not expressly authorized in writing.

We intend to take reasonable steps to preserve and protect our ownership of the marks and their validity. We are not obligated to protect any rights granted to you to use the trademarks or to protect you against claims of infringement or unfair competition regarding the trademarks. Nevertheless, it may be in our best interest to do so.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of the trademarks. We will take the action in response to any such notice that we think is appropriate. You must cooperate fully in prosecuting, defending, or settling any litigation involving the trademarks, including being named as a party in the action at our request. We will undertake the defense of the litigation and will bear the costs of the litigation, except for the costs of any legal counsel separately retained by you.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administration of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the principal trademark.

There are no agreements currently in effect which significantly limit our right to use or license the use of our marks in a manner material to the franchise.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise.

We claim copyrights in the Operations Manual, advertising material and related items you will use in operating the franchise. Although we have not filed an application for a copyright registration for those items, we claim a copyright and the information is proprietary. We are not obligated to take any action to protect our copyrighted materials, but will respond to information regarding potential infringement of our copyrights as we deem appropriate.

The Operations Manual and other materials we provide to you contain our confidential and proprietary information. Certain information about the operation of the Franchised Business including the standards, methods, procedures and specifications of the System, and the contents of the Operations Manual, is derived from information we disclose to you and all that information is proprietary and confidential in nature and our trade secrets ("**Confidential Information**"). You (if you are an individual) and each of your Owners (if you are an entity), officers, directors, members, partners, manager, employees and agents must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration and may use that Confidential Information only to the extent necessary to operate the Franchised Business. You cannot disclose that Confidential Information for any reason, except to your Owners, officers, directors, members, partners, managers, employees and agents, and then only to the extent necessary for the operation of the performance of their roles in the Franchised Business. You must sign, and shall cause all persons receiving the Confidential Information to sign, a Confidentiality Agreement in the form of that document attached as **Exhibit**

J to this disclosure document. You cannot use any Confidential Information in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to others. You must promptly tell us when you learn about any actual or suspected unauthorized use of our Confidential Information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are required to participate personally in the direct operation of your Franchised Business and we neither recommend, nor dissuade you from, personal on-site supervision of the Franchised Business. Generally, we require franchisees to operate their Franchised Business for at least three years before delegating management of the Franchised Business' day-to-day activities to a manager.

You must successfully complete our initial training before the Franchised Business opens. If you have a manager, that person must successfully complete our initial training within 30 days of their hire for any manager that starts later than the initial training. The manager will be required to sign a Confidentiality Agreement in the form of that attached as **Exhibit J** to this disclosure document. Other than requiring the manager to successfully complete training and sign the Confidentiality Agreement there are no limits to who you may hire as a manager. The manager is not required to have any ownership interest in the Franchised Business. If you are awarded more than one Territory, we may require you to have a manager for the additional Territory.

If you are a legal entity, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations including the covenant not to compete. The guarantee is included in the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We have the right to designate additional services or products that you will be required to offer. There are no limits on our right to do so.

We require you to offer and sell only those goods and services that we have approved (see Item 8). You must offer all products and services that we designate as required for all franchisees and that you qualify to sell under the System. Services to Key Accounts may also have additional requirements that you must meet before offering services to Key Account customers. All services, as well as any products offered or sold, must meet and be consistent with the requirements set forth in the Operations Manual or otherwise set by us.

We have the right to add additional products or services that you are required to offer. There are no limits on our right to do so.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§3.1	5 years
b. Renewal or extension of the term	§3.2	2 additional terms of 5 years each.
c. Requirements for franchisee to renew or extend	§3.2	<p>You must: notify us at least 9 months (but not more than 15 months) before the agreement expires of your request for a successor agreement; not be in default under the agreement; have complied with material terms and conditions during the term; ensure we still wish to support a business in the Territory; be current on all amounts owed to us, our affiliates, your technicians and 3rd-party suppliers; bring the system including equipment, location, and methods of operation into alignment with our then-current standards; be in compliance with our then-current training requirements; sign our then-current form of franchise agreement for successor franchisees; pay us our then-current renewal fee; and you and your guarantors must sign a general release.</p> <p>Our then current franchise agreement may have materially different terms and conditions than your original contract.</p>
d. Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement under any grounds permitted by law.

Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§§14.1.B - D	We can terminate only if you default.
g. Cause defined – curable defaults	§§14.1.D, 8.4	<p>You generally have 10 days to cure nonpayment of any payment or other financial obligation and 30 days to cure failure to submit reports, provide information, maintain our standards or any other default not specified in Section 14.</p> <p>If you fail an inspection for any health or safety reason, we have the right to require that you temporarily close all or part of your Location until the dangers to health and safety have been remedied.</p>
h. Cause defined – non-curable defaults	§§14.1.B and 14.1.C	<p>Non-curable defaults: failure to establish a business within standards; failure to timely commence operations, cease operating or abandon the Location, forfeit the right to do business where the Location is located, conviction of felony or crime of moral turpitude, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, twice under-reporting Gross Revenues, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or Location, action brought to foreclose lien or mortgage against the Location, premises or equipment which is not dismissed in 30 days, fail to maintain any licenses or certifications required, or become insolvent, a receiver is appointed to take possession of your business or Location, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you or any of your affiliates are in default under any other Franchise Agreement or other agreement with us or our affiliates which is not curable, or, if the default is curable, has not</p>

Provision	Section in franchise or other agreement	Summary
		been cured within the cure period, commit multiple defaults during any six month period, your bankruptcy, or commit a violation of the Anti-Terrorism Laws.
i. Franchisee's obligations on termination/non-renewal	§15.1	Cease operating the Location; discontinue use of the Marks and advertising; complete de-identification as our franchisee; transfer telephone numbers and social media accounts to us; deliver all materials and documents for the Location to us; modification and alteration of Location; cease using the System and Manual; remove any sign that has our distinctive shape, color and/or design; within 10 days provide us with an inventory of all items used in, related to, owned or leased by the Location, allow us to purchase within 60 days of receipt any such usable materials bearing the Marks and/or your supplies, tools, FF&E and signage, pay all sums owing to us and our Affiliates. See State Addenda.
j. Assignment of contract by franchisor	§13.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§§1.2.WW. and 13.2	Transfer means voluntary or involuntary direct or indirect assignment, sale, gift or other transfer of your Franchise Agreement or any of your rights or obligations as a franchisee (your "Franchised Interest"), including (i) the transfer of ownership of your stock, partnership or limited liability company ownership interest; (ii) merger, reorganization, consolidation or issuances of additional securities representing a direct or indirect interest in your Franchised Interest or Location; (iii) sale of more than a 50% interest in your Franchised Interest; (iv) transfer of a Franchised Interest due to a divorce, insolvency, corporate partnership dissolution or otherwise; (v) transfer of a Franchised Interest by will, trust or intestate succession; (vi) any change in ownership or control by sale, gift, assignment, or otherwise; (vii) any change in trustee or beneficial owner of a trust (if the trust is a franchisee or has more than a 50% interest in the Franchised Interest); or (viii) any pledge,

Provision	Section in franchise or other agreement	Summary
		hypothecation or encumbrance of any Franchised Interest as security for an obligation.
l. Franchisor approval of transfer by franchisee	§§13.2, 13.9	You may not transfer your Agreement, your franchise, or any ownership interest in the franchise, the Location or a substantial portion of the Location's assets, without our consent.
m. Conditions for franchisor approval of transfer	§§ 7.19, 13.3, 13.5, 13.6, 13.7, 13.8, 13.9	<p>For most transfers, we require the transferee to meet our criteria for new franchisees, the transferee owners must sign a guarantee, you must pay a transfer fee, all your monetary obligations must be satisfied, you and your owners must release us from claims and you must agree to continue to be liable for the operation of the Franchised Business before the transfer. If the transfer results in a change of control of the franchisee or the Franchised Business the transferee will have to sign our then current form of franchise agreement, the Location will have to be upgraded to meet our then current standards for new franchised businesses, and the transferee and at least one of its owners completes those training programs we require to our satisfaction.</p> <p>For some transfers we do not require the transferees to submit a new franchisee application, even though the other transfer requirements apply. This is the case if (1) you sign the Franchise Agreement as an individual, and wish to transfer it to a corporation, partnership or limited liability company that you maintain your same ownership interest in, or (2) if you are a corporation, partnership or limited liability company, you may transfer an aggregate of up to 25% of your outstanding voting ownership interests to your employees who are actively engaged in the operations of the Location. We may withhold the consent in our sole discretion in the case of a public offering, and for a private offering will not unreasonably withhold it.</p> <p>For sales of securities or other interests by public or private offering, we may grant or deny</p>

Provision	Section in franchise or other agreement	Summary
		<p>approval based on whatever we deem to be in our best interests.</p> <p>The grant of a security interest in any of the assets of the Franchised Business, including the Franchise Agreement, require our consent. We will require your lender to enter into an agreement with us regulating what will happen in the event of a default under the Franchise Agreement, or the financing documents.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	§13.4	<p>Any transfer of ownership, other than from you (if you are an individual) to a corporation, partnership or limited liability company owned solely by you, is subject to our right of first refusal. A sale of your assets is also subject to our right of first refusal. We have the option for 30 days following our receipt of notice of transfer to exercise our right. We can purchase the ownership interest in the franchisee on the same terms as those offered by you to the third party.</p>
o. Franchisor's option to purchase franchisee's business	§§14.3, 15.1.1	<p>Upon termination for any reason of the Franchise Agreement, we have the option for 30 days following the termination or expiration to purchase your assets. We shall each appoint 1 appraiser to determine the price independently. If the higher price is not greater than 10% the lower price, then the price shall be 105% of the lower purchase price. Otherwise the two appraisers shall select a third appraiser, who shall determine the purchase price.</p> <p>We also have the rights within 60 days following our receipt of your inventory list following termination or expiration of the Franchise Agreement, to purchase at fair market value, your supplies, FF&E, signage, and other materials bearing the Proprietary Marks.</p>
p. Death or disability of franchisee	§§13.5, 13.6	<p>If you die or become incapacitated (and you are personally the franchisee or the owner of more than 50% of the franchisee), your executor or other legally appointed personal representative must appoint, within 30 days, an approved management company to operate the Location. Pending the appointment and subject to legal formalities, we can manage the Location. Your executor or other legally appointed personal</p>

Provision	Section in franchise or other agreement	Summary
		representative must also transfer all your interests to a third party within 6 months. With our consent, your estate or legally appointed personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.
q. Non-competition covenants during the term of the franchise	§§7.10, 11.12.A	You cannot use the Location premises for any commercial purpose or activity except to operate the Franchised Business and you cannot use it to promote any competing business. During the term of the Franchise Agreement you may not compete with us by being associated with any PDR repair, auto body repair, auto painting, or dent removal business, no matter where located.
r. Non-competition covenants after the franchise is terminated or expires	§11.12. B	For 2 years after any transfer, expiration, or termination of the Franchise Agreement, anywhere in your Territory or the Territory of any other franchisee you may not compete with us by being associated with any PDR repair, auto body repair, auto painting, or dent removal business.
s. Modification of the agreement	§20.1	No modifications generally unless in writing signed by you and one of our officers. However, our Manual is subject to change at our discretion.
t. Integration/merger clause	§20.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of this disclosure document and franchise agreement are not enforceable.
u. Dispute resolution by arbitration or mediation	§19.2	If a dispute cannot be resolved through negotiations between your CEO or president and our management, the dispute will be referred to mediation. The mediation will take place in the county and state where we have our principal place of business, using a mediator agreed upon between us and you.
v. Choice of forum	§19.4	Subject to applicable state law litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business. You will submit to the jurisdiction of those courts. See State Addenda.

Provision	Section in franchise or other agreement	Summary
w. Choice of law	§20.2	Illinois law applies (subject to applicable state law). See State Addenda.

There are state specific addenda attached as **Exhibits C and E** for the states of California, Hawaii, Illinois, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington. The Michigan Addendum is attached following the state cover page.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Nate Webb, 1333 El Camino Drive, Pekin, IL 61554; (866) 336-8762 the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1

**Systemwide Outlet Summary
For Years 2021 to 2023⁽¹⁾**

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	15	15	±0
	2022	15	13*	-2*
	2023	13*	13*	±0
Company-Owned	2021	2	2	±0
	2022	2	4*	+2*
	2023	4*	4*	±0
Total Outlets	2021	17	17	±0
	2022	17	17	±0
	2023	17	17	±0

*We bought the Dentsmart System on the last day of 2022. At the time we purchased the Dentsmart System, our owners owned four Franchised Businesses, and one of the owners of the selling entity owned two Dentsmart businesses. At the time of the purchase, the Franchised Businesses owned by our owners became Affiliate-owned entities, and the two businesses owned by seller's owner became Franchised Businesses.

Table 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For Years 2021 to 2023⁽¹⁾

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
AL	2021	0	1	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
AR	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	1* ¹
	2023	1	0	0	0	0	0	1
CO	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0*
	2023	0	0	0	0	0	0	0
IN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0*
	2023	0	0	0	0	0	0	0
IA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KS	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KY	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0*

	2023	0	1	0	0	0	0	1
MN	2021	1	0	0	0	0	0	1 ²
	2022	1	0	0	0	0	0	1 ²
	2023	1	0	0	0	0	0	1 ²
MO	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	1*
	2023	1	0	0	0	0	0	1
NE	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NY	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NC	2021	2	0	0	0	0	1	1 ³
	2022	1	0	0	0	0	0	1 ³
	2023	1	0	0	0	0	0	1 ³
ND	2021	1	0	0	0	0	0	1 ²
	2022	1	0	0	0	0	0	1 ²
	2023	1	0	0	0	0	0	1 ²
OH	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
SC	2021	1	0	0	0	0	0	1 ³
	2022	1	0	0	0	0	0	1 ³
	2023	1	0	0	0	0	0	1 ³
SD	2021	1	0	0	0	0	0	1 ²
	2022	1	0	0	0	0	0	1 ²
	2023	1	0	0	0	0	0	1 ²
TN	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	2*
	2023	2	0	0	0	0	0	2
WI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Totals	2021	15	1	0	1	0	1	14^{1,2,3}
	2022	14	0	0	0	0	0	12^{*1,2,3}
	2023	12	1	0	0	0	0	13^{1,2,3}

*We bought the Dentsmart System on the last day of 2022. At the time we purchased the Dentsmart System, our owners owned four Franchised Businesses (those business operate in Illinois, Indiana, Kentucky, and the eastern portion of Missouri), and one of the owners of the selling entity owned two Dentsmart businesses (those businesses operate in Arkansas and Tennessee). At the time of the purchase, the Franchised Businesses owned by our owners became Affiliate-owned entities, so are not counted in the total Franchised Businesses at the end of 2022 and in 2023, and the two businesses owned by seller's owner became Franchised Businesses, and therefore are only counted as Franchised Businesses in the total for 2023.

¹One current Franchised Business, which was owned by an owner of the entity that sold the Dentsmart System to us, operated in a single territory that was, in part, in Arkansas, and in part, in Western Tennessee. This business was an Affiliate-owned business until the sale of the Dentsmart System that occurred at the end of 2022. After that it became a Franchised Business. Therefore, while this franchise is identified as operating in both of those states, it is only counted as one Franchised Business in the totals.

²The Territory for a single Franchised Business includes all of Minnesota, North Dakota, and South Dakota. Therefore, while this franchise is identified as operating in each of those states, it is only counted as one Franchised Business in the totals.

³The Territory for a single Franchised Business includes part of South Carolina, and part of North Carolina. Therefore, while this franchise is identified as operating in both of those states, it is only counted as one Franchised Business in the totals.

Table 4

**Status of Company-Owned Outlets
For Years 2021 to 2023**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arkansas	2021	1	0	0	0	0	1 ¹
	2022	1	0	0	0	0	0*
	2023	0	0	0	0	0	0
Illinois	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	1*
	2023	1	0	0	0	0	1
Indiana	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	1*
	2023	1	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	1*
	2023	1	0	0	0	1	0
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	1*
	2023	1	0	0	0	0	1
Tennessee	2021	2	0	0	0	0	2 ¹
	2022	2	0	0	0	0	0*
	2023	0	0	0	0	0	0
Totals	2021	2¹	0	0	0	0	2¹
	2022	2¹	0	0	0	0	4*
	2023	4	0	0	0	1	3

*We bought the Dentsmart System on the last day of 2022. At the time we purchased the Dentsmart System, our owners owned four Franchised Businesses (those business operate in Illinois, Indiana, Kentucky, and the eastern portion of Missouri), and one of the owners of the selling entity owned two Dentsmart businesses (those businesses operate in Arkansas and Tennessee). At the time of the purchase, the Franchised Businesses owned by our owners became Affiliate-owned entities, so are counted in the total Company-Owned Outlets at the end of 2022 and in 2023, and the two businesses owned by seller's owner became Franchised Businesses, and therefore are only counted as Company-Owned Outlets in the totals for 2021 and the start of 2022.

¹One current Franchised Business, which was owned by an owner of the entity that sold the Dentsmart System to us, operated in a single territory that was, in part, in Arkansas, and in part, in Western Tennessee. This business was an Affiliate-owned business until the sale of the Dentsmart System that occurred at the end of 2022. After that it became a Franchised Business. Therefore, while this franchise is identified as operating in both of those states when it was a Company-Owned Outlet, it is only counted as one Company-Owned Outlet in the totals.

Table 5

Projected Openings As Of December 31, 2023

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets in the Next Fiscal Year
Georgia	0	1	0
Texas	0	1	0
Total	0	2	0

Attached as **Exhibit G** is a list of the names of all franchisees and their addresses and telephone numbers as of the issuance date of this disclosure document.

Attached as **Exhibit H** is a list of the name, city and state and current business telephone number or last known home telephone of every franchisee who, in our most recent full fiscal year end: had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily closed to do business under the Franchise Agreement; or has not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchise Organizations

There are no franchisee organizations associated with the Dentsmart brand.

Item 21

FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit I** is the audited balance sheet of Dentsmart, LLC. Dentsmart, LLC has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years. The franchisor's fiscal year ends on December 31st. If required by state law, unaudited financial statements of a more recent date are also included in **Exhibit I**.

ITEM 22

CONTRACTS

The following agreements are attached to this Franchise Disclosure Document:

- (a) Franchise Agreement - **Exhibit D**
- (b) State specific Amendments to Franchise Agreement for franchisees in Illinois, Maryland, Minnesota, New York, North Dakota and Washington - **Exhibit E**
- (c) Confidentiality Agreement **Exhibit J**
- (d) General Release - **Exhibit K**

ITEM 23

RECEIPTS

The last 2 pages of this Disclosure Document are receipt pages (**Exhibit L**). Please date and sign both copies immediately upon receipt. Detach the last page and return to us promptly upon execution. Retain the other copy of the receipt page for your records.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

State Administrators

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Financial Protection and
Innovation
State of California
320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7500
(866) 275-2677

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
State of Hawaii
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2744

Illinois

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
State of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan

Franchise Unit
State of Michigan
Department of Attorney General
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
State of North Dakota
Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-4712

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
Commonwealth of Virginia
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Oregon

Department of Consumer and Business
Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Washington

Department of Financial Institutions
Securities Division
State of Washington
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8738

Wisconsin

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701-1768
(608) 266-8559

Rhode Island

Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222-3048

South Dakota

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

**AGENTS AUTHORIZED TO
RECEIVE SERVICE OF PROCESS, BY STATE**

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and
Innovation
State of California
Suite 750
320 West 4th Street
Los Angeles, CA 90013-2344

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street
Room 204
Honolulu, Hawaii 96813

Illinois

Office of Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

Indiana

Secretary of State
State of Indiana
201 State House
200 W. Washington St.
Indianapolis, IN 46204

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan

Michigan Department of Commerce
Corporation & Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

New York

Secretary of State
State of New York
41 State Street
Albany, NY 12231

North Dakota

Securities Commissioner
State of North Dakota
5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510

Oregon

Department of Consumer and Business
Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter Street, N.E., Room 21
Portland, OR 97310

Rhode Island

Director of Business Regulation
Department of Business Regulation
Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Franchise Administration
Division of Securities
Department of Revenue and Regulation
State of South Dakota
118 West Capitol Avenue
Pierre, SD 57501-2000

Virginia

Clerk of the State Corporation Commission
Commonwealth of Virginia
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd., S.W.
Olympia, WA 98501

Wisconsin

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, WI 53703

EXHIBIT C
STATE ADDENDA TO FDD

**MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

"No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE CALIFORNIA FRANCHISE INVESTMENT LAW**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires application of the laws of Illinois. This provision may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Neither the Franchisor nor any person listed in Item 2 of this franchise disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Section 19.5 of the Franchise Agreement limits the statute of limitations to 1 year from the date the complaining party discovered the facts giving rise to the claim and 2 years from the date the first act or omission giving rise to the claim occurred. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303- 31304. Corporations Code Section 31512 provides that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void."

OUR WEBSITE IS WWW.DENTSMART.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language at the beginning thereof:

"Notice Required By Law

**THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE
TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE
AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 - 705/20."**

2. The provisions of the Illinois Franchise Disclosure Act of 1987 (the "Act") shall supersede any provisions of the Franchise Agreement which are in conflict with the Act.

3. The provisions of Section 27 of the Act supersede the provisions of Section 19.5 of the Franchise Agreement that set a limitation period of 1 year from the date the complaining party discovered the facts giving rise to the claim and 2 years from the date the first act or omission giving rise to the claim occurred to the extent that claims are brought under Section 26 of the Act.

4. Nothing in Section 19.4.A. of the Franchise Agreement waives any rights you may have under Section 41 of the Illinois Franchise Disclosure Act of 1987.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 17.c (“Requirements for franchisee to renew or extend”) and Item 17.m (“Conditions for franchisor approval of transfer”) of the Franchise Disclosure Document are amended to provide that “The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

2. Item 17.g (“Cause defined – curable defaults”) of the Franchise Disclosure Document is amended to provide that “Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law.”

3. Item 17.v (“Choice of forum”) in the Franchise Disclosure Document is amended to provide that “Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement, **[the Franchisee Disclosure Questionnaire or the Receipt of Franchise Related Documents]** is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17.t (“Integration/merger clause”), summary column, is amended by deleting the last sentence and substituting the following:

“However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MINNESOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

“THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.”

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section 11.4 of the Franchise Agreement:

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

3. Item 17 of the Franchise Disclosure Document and Section 20.2 of the Franchise Agreement are amended as follows:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 19.4.A. of any Franchise Agreement issued in the State of Minnesota:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section 19.4.B. of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Item 17 of the Franchise Disclosure Document and Section 19.4.B. of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq.*, Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

11. Section 19.5 of the Franchise Agreement is amended by adding the following:

“Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE NEW YORK FRANCHISE LAW**

1. The cover page of the Franchise Disclosure Document is amended to add the following statement:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

“Neither we, our predecessor, nor a person identified in Item 2, or an affiliate offering franchises under our principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. Moreover, there are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency.

D. Is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and

Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.”

3. Item 4 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

“Neither we, our affiliate, our predecessor nor our officers during the 10 year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.”

4. Item 5 of the Franchise Disclosure Document is amended by adding the following to the subsection entitled “Initial Franchise Fee”:

“The Company will use the Initial Fee to cover its costs associated with fulfilling its obligations under the Franchise Agreement and to cover other overhead costs and expenses.”

5. Item 17 of the Franchise Disclosure Document is amended by deleting the first paragraph and substituting the following:

“THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THESE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.”

6. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (w) indicating the choice of law:

“The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the General Business Law of the State of New York.”

7. The following language is added to Item 17 in the Summary section of provision (c), entitled “Requirements for Franchisee to Renew or Extend”, and to Summary section of provision (m), entitled “Conditions for Franchisor Approval of Transfer”:

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

FRANCHISOR REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE VIRGINIA RETAIL FRANCHISE ACT**

The following paragraph is added at the end of Item 17:

Virginia has a statute which may supercede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

1. If any of the provisions in the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement with regard to any franchises sold in Washington.

2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

3. The State of Washington's policy pursuant to its Administrative Regulations pertaining to releases is as follows:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

4. Item 17 is amended to add the following:

"These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq.*, Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, United States Code Section 101.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California [Civil Code Section 1671],

Indiana [1C 23-2-2.7-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.”

5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

6. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

7. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

EXHIBIT D

FRANCHISEE AGREEMENT, INCLUDING OWNER'S GUARANTY

DENTSMART LLC

DENTSMART
FRANCHISE AGREEMENT

Location # _____

**FRANCHISE AGREEMENT
SUMMARY PAGES**

EFFECTIVE DATE: _____

FRANCHISEE(S): _____

**FRANCHISEE'S ADDRESS FOR
NOTICES:** _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

PROTECTED TERRITORY: _____

FRANCHISE OFFICE LOCATION: _____

INITIAL FRANCHISE FEE: \$ _____

ROYALTY FEE: 8% of Net PDR Sales and of Gross non-PDR
Revenue.

TRANSFER FEE: \$2,000

SCHEDULED EXPIRATION DATE: [On the 5th anniversary from the Effective Date.]

**FRANCHISOR'S ADDRESS FOR
NOTICES:** _____

ATTN: _____

Franchisor Initial

Franchisee Initial

DENTSMART LLC
FRANCHISE AGREEMENT

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Exhibits

- A Approved Location
- B Owners of Franchisee
- C Protected Territory Map
- D Authorization Agreement for Prearranged Payments (Direct Debits)
- E Confidentiality Agreement
- F Covenant Agreement
- G State Addenda (if applicable)

**DENTSMART LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into at Pekin, Illinois on _____, 20____ (“**Effective Date**”), by and between DENTSMART LLC, an Illinois limited liability company (hereinafter referred to as “**Franchisor**”), and _____ (hereinafter referred to as “**Franchisee**”), whose principal _____ business _____ address _____ is _____.

Recitals

A. Franchisor has developed and owns a concept and distinctive system for the operation, establishment, design, decor and image of a painless dent removal (“**PDR**”) business operating under the name “Dentsmart” and under the Proprietary Marks utilizing certain Trade Secrets (as those terms are defined below).

B. Franchisee desires to establish and operate, or to continue operating, a Dentsmart franchised business (“**Franchised Business**”) under the System (as that term is defined below) and wishes to obtain a franchise license from Franchisor for that purpose.

C. Franchisee recognizes the benefits derived from being identified with and franchised to use the System and Franchisee understands and acknowledges the importance of operating the Franchised Business in strict conformity with Franchisor's standards and specifications in order to enhance public acceptance of, and demand for, all System Businesses (as that term is defined below).

D. Franchisor is relying upon the business skill, financial capacity, and character of Franchisee and, if applicable, its principals, and the guarantee of Franchisee's obligations by its principals as attached to this Agreement, if applicable.

NOW, THEREFORE, in consideration of the foregoing and of the promises contained herein, the parties agree as follows:

Article 1. Acknowledgments and Representations.

1.1 Franchisee acknowledges and represents to Franchisor, in order to induce Franchisor to enter this Agreement, as follows:

A. Franchisee has read this Agreement and Franchisor's franchise disclosure document and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of quality and service and the uniformity of those standards at each System Business in order to protect and preserve the goodwill of the Proprietary Marks.

B. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the nature of the business conducted by Franchisor may evolve and change over time; that an investment in a Dentsmart System Business involves business risks which have been considered by Franchisee; and that the success of the venture depends primarily upon Franchisee's business ability and efforts.

C. Franchisee has not received or relied upon any guarantee, expressed or implied, about the revenues, profits, or success of the business venture contemplated by this Agreement.

D. No representations have been made by Franchisor, its affiliates, or by their respective members, managers, officers, employees, directors, and/or agents, that are contrary to or not contained in the terms of this Agreement and/or Franchisee has not relied on any such representations.

E. In all of their dealings with Franchisee, the members, managers, officers, employees, directors, and/or agents of Franchisor act only in a representative capacity, not in an individual capacity, and that this Agreement and all business dealings between Franchisee and such individuals as a result of this Agreement are solely between Franchisee and Franchisor.

F. All information contained in the application made by Franchisee to Franchisor is true, correct, and complete. Franchisee has made no incorrect statement in the application or failed to make any statement that would be necessary to make the statements in the application not misleading.

1.2 The definitions applicable throughout this Agreement are set forth below:

A. **“Administrative Fee”** means the Administrative Fee described in Article 4.1.B.

B. **“Administrative Fee Threshold”** means the Administrative Fee Threshold described in Article 4.1.B.

C. **“Affiliate”** means with respect to a person or entity, (i) a person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse, lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

D. **“Agreement”** has the meaning set forth in the introductory paragraph hereof.

E. **“Alternative Products & Services”** has the meaning set forth in Article 8.1.D.

F. **“Alternative Suppliers”** has the meaning set forth in Article 8.1.D.

G. **“Approved Location”** means the street address set forth on **Exhibit A** hereto.

H. **“Approved Products & Services”** has the meaning set forth in Article 8.1.C.

I. **“Approved Suppliers”** has the meaning set forth in Article 8.1.C.

J. **“BPDF”** as defined in Article 9.4, means the Brand Protection and Development Fund described and provided for in Article 9.4.

K. **“Change in Control”** means (i) the acquisition, directly or indirectly, through one transaction or a series of related transactions, by any person or affiliated group of a Controlling Interest (as that term is defined below) in Franchisee, (ii) any merger or consolidation of Franchisee other than a merger or consolidation where a Controlling Interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of a Controlling Interest of Franchisee, immediately prior to such transaction, or (iii) the sale, transfer, license or other disposition (through one transaction or a series of related transactions) of all, or substantially all, of the assets of Franchisee to which this Agreement relates.

L. **“Competing Business”** means any PDR repair, auto body repair, auto painting, or dent removal business.

M. **“Controlling Interest”** means more than 50% of the voting interest in an entity, or such other ownership or voting interest that allows the holder thereof to control significant decisions in such entity.

N. **“Deductions”** collectively means the following expenses that may be incurred by Franchisee in performing a PDR Repair that Franchisee is allowed to pay from the Gross PDR Sales generated by that PDR Repair: the Administrative Fee; Shop Rent; any Rental Car Deduction and any Unaffiliate Location Deduction, each as defined in this Agreement.

O. **“Dispute”** or **“Disputes”** has the meaning set forth in Article 19.1.

P. **“FF&E”** means any fixtures, equipment, furnishings, furniture, telephone system, computer systems, reservation system, signs, supplies and other items used in the operation of the Franchised Business.

Q. **“Franchised Business”** means the specific Dentsmart System Business franchised to, developed and operated by Franchisee under this Agreement.

R. **“Franchisee”** has the meaning set forth in the introductory paragraph of this Agreement.

S. **“Franchised Interests”** has the meaning set forth in Article 13.2.

T. **“Franchisor”** means DENTSMART LLC, an Illinois limited liability company.

U. **“Gross non-PDR Revenue”** means: all revenue attributable to or derived from the operation of the Franchised Business from the sale of Products or the provision of Services that are not PDR Repairs (as that term is defined in this Agreement), including barter and credit transactions, whether or not the revenue is collected; proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of the Franchised Business; but excluding sales taxes, or any other taxes collected by Franchisee from customers for transmittal to appropriate taxing authorities. Gross non-PDR Revenues shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

V. **“Gross PDR Sales”** means the amount charged by Franchisee for PDR Repairs, regardless of whether the amount is received by Franchisee. Gross PDR Sales shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

W. **“Gross Revenue”** means the sum of Franchisee’s Net PDR Sales and Gross non-PDR Revenue during a particular period of time.

X. **“Incapacitated”** or **“Incapacity”** means, in the reasonable opinion of Franchisor, the inability of Franchisee, or an owner with a Controlling Interest if Franchisee is an entity, to operate the Franchised Business in the ordinary course of business for 30 days or more in any consecutive 90-day period.

Y. **“Indemnitees”** means, collectively, Franchisor and its members, shareholders, other equity owners, its affiliated companies, and each of their respective owners, managers, agents, representatives, officers, directors, employees, partners, and other Affiliates.

Z. **“Initial Franchise Fee”** means the fee due upon execution and delivery of this Agreement by Franchisee as provided in Article 4.1.A., unless this is a successor franchise agreement.

AA. **“Location”** means the location from which the Franchised Business is operated under this Agreement. If the Location is a location other than Franchisee’s home, the Location comprises all structures, facilities, appurtenances, FF&E, entry, exit, parking and other areas located on, or that are part of, the site of the Location, as well as all real property rights thereto.

BB. **“Liquidated Damages”** means the damages to be paid by Franchisee pursuant to Article 15.2 for premature termination of this Agreement.

CC. **“Manual”** means, collectively, the Operations Manual and other System standards, manuals, and directions (whether in written, machine readable, electronic, or any other form) setting out the required, recommended and optional standards, methods, procedures, techniques and specifications of the System, as they may be modified, amended or supplemented by Franchisor in its sole discretion from time to time.

DD. **“Net PDR Sales”** means: the amount equal to Franchisee’s Gross PDR Sales less any Deductions regardless of how the Gross PDR Sales are paid to Franchisee, including barter and credit transactions, whether or not the revenue is collected; but excluding sales taxes, or any other taxes collected by Franchisee from customers for transmittal to appropriate taxing authorities. Net PDR Sales shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

EE. **“Non-PDR Payments”** has the meaning set forth in Article 4.2.

FF. **“Online Presence”** means the Website, other websites, social media accounts, mobile applications, or other media or online presence (in any form and in any medium now existing or later developed) including any individual franchisee’s online presence as permitted or required by Franchisor. Franchisor will determine the content and use of its Online Presence including establishing any rules and guidelines under which Franchisee will participate in such Online Presence, which may be modified by Franchisor from time to time.

GG. **“Opening”** means the date on which the Franchised Business first opens for business.

HH. **“Operations Data”** has the meaning set forth in Article 10.7.

II. **“PDR Payments”** has the meaning set forth in Article 4.2.

JJ. **“PDR Repair”** means an instance of paintless dent repair performed on a vehicle regardless of the number of dents repaired on that vehicle. **“PDR Repairs”** means multiple instances of paintless dent repairs performed on multiple vehicles.

KK. **“Products”** or **“Product”** are references to the products authorized by Franchisor to be offered and sold through the Franchised Business.

LL. **“Proprietary Marks”** means the name “Dentsmart” and such other names, trade names, service marks, trademarks, logos, emblems, or other indications of origin as are now or hereafter designated by Franchisor as part of the System.

MM. **“Protected Territory”** means the specific territory franchised to Franchisee pursuant to this Agreement.

NN. **“Quality Inspection Fee”** has the meaning set forth in Article 8.3.

OO. **“Rental Car Deduction”** means the costs Franchisee incurs to provide a vehicle owner with a rental car during the time that a PDR Repair is being performed on their vehicle. The Rental Car Deduction is limited to the rental car costs incurred during the time that the PDR Repair is being performed and cannot include rental car costs incurred while other types of repairs are being performed on the vehicle. For example, if a vehicle owner needs to have a bumper replaced and a PDR Repair performed, and it will take two days for Franchisee to perform the PDR Repair, and an additional two days for the body shop to replace the bumper, the Rental Car Deduction will be limited to the rental car costs incurred for the two days that the PDR Repair is being performed.

PP. **“Royalty Fee”** means the continuing royalty fee set forth in Article 4.1.C.

QQ. **“Services”** or **“Service”** are references to the services authorized by Franchisor to be offered and sold through the Franchised Business.

RR. **“Shop Rent”** means the portion of the Gross PDR Sales owed to body shops at which, or on behalf of which, PDR Repairs are performed pursuant to an agreement between Franchisee and the body shop.

SS. **“System”** means the method of operating a Dentsmart System Business including, but not limited to its distinctive design, décor, color scheme, and furnishings, the Proprietary Marks designated to be part of the System, the standards, specifications, programs, methods and procedures for operations and quality control, the training and assistance; and the advertising, direct sales, and promotional programs developed by Franchisor for the operation of a Dentsmart System Business under the Proprietary Marks, including those utilizing the Trade Secrets; trade dress and layouts; and methods, procedures, standards, specifications and other requirements as stated or referred to in this Agreement and from time to time in the Manual, or otherwise in writing by Franchisor and designated as part of standards for the System. Franchisor may add, change, modify, withdraw, or otherwise revise any element of the System in its sole discretion.

TT. **“Systems Operations Data”** has the meaning set forth in Article 10.7.

UU. **“System Business”** or **“Dentsmart System Business”** are references to a business operating under the Proprietary Marks, and **“System Businesses”** and **“Dentsmart System Businesses”** are references to, collectively, all businesses operating under the Proprietary Marks whether owned by Franchisor’s Affiliate or franchisees.

VV. **“Trade Secrets”** means confidential information, including, without limitation, (i) proprietary products, formulas, customer and supplier lists, and product specifications, (ii) methods of service and operations at System Businesses, (iii) knowledge of sales and profit performance at any one or more System Businesses, (iv) knowledge of test programs, concepts, or results relating to operating changes, new advertising and promotional programs at System Businesses, (v) sources of suppliers of products, services and equipment, to System Businesses (vi) advertising, promotion, and marketing techniques used by System Businesses or to promote System Businesses, (vii) methods and information regarding the selection and training of Dentsmart franchisees and other employees for System Businesses; and (viii) the contents of the Manual.

WW. **“Transfer by Franchisee”** means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any Franchised Interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of Franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Franchised Business; (iii) any sale of a Controlling Interest in Franchisee in a single transaction or a related series of transactions; (iv) transfer of a Franchised Interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) transfer of a Franchised Interest in the event of Franchisee’s death or the death of one of its owners with a Controlling Interest, by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of a Franchised Interest by sale, gift, assignment, or otherwise; (vii) if Franchisee or any owner with a Controlling Interest is a trust, any change in the trustees or the beneficial owners of the trust; or (viii) a pledge, hypothecation, or encumbrance of any Franchised Interest intended as security for an obligation.

XX. **“Unaffiliated Location Deduction”** means the Deduction Franchisee may take from the Gross PDR Sales generated by PDR Repairs performed without any affiliation with a body shop, and at a location other than a body shop. The amount of the Unaffiliated Location Deduction will be stated in the Manual. Franchisor shall have the right to change the amount of the Unaffiliated Location Deduction in its sole discretion. The current Unaffiliated Location Deduction is the amount equal to 25% of the Gross PDR Sales generated by a PDR Repair performed without any affiliation with a body shop, and at a location other than a body shop.

YY. **“Website”** means the Franchisor’s home pages and any other internet and web pages or sites established by Franchisor, including any individual franchisee webpages on such Website permitted or required by Franchisor, and any Online Presence established by Franchisor or its Affiliates for the sale of Products or Services.

Article 2. Grant of Franchise License.

2.1 **Grant.** Subject to the terms and conditions of this Agreement, and to the continuous compliance by Franchisee with the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the nonexclusive right, and Franchisee undertakes the obligation, to operate a Dentsmart System Business in accordance with Franchisor’s standards and specifications, including the required operational standards, procedures and techniques prescribed in the Manual, and to use the System (as it may be changed, improved, and further developed by Franchisor) and the Proprietary Marks in connection therewith.

2.2 **Protected Territory.** Franchisee shall operate the Franchised Business in, and only in, the Protected Territory specified on **Exhibit A**, except as otherwise permitted by the

terms of this Agreement. Franchisee shall establish at least one office within the Protected Territory. Franchisee's office can be located in the home of Franchisee, if Franchisee is an individual, or in the home of one of its owners if Franchisee is an entity. If Franchisee has multiple offices, all of them must be in the Protected Territory. Except as permitted by this Agreement, during the term of this Agreement, provided Franchisee is in full compliance with the terms and conditions of this Agreement, Franchisor will not, without Franchisee's consent, and operate itself or through an Affiliate or grant a license or franchise to any other person or entity to operate a PDR business using the System within Franchisee's Protected Territory. If Franchisee is not in compliance with the terms and conditions of this Agreement, Franchisor shall be free to operate, directly or indirectly, within the Protected Territory, or to authorize or license another person or entity to operate a System Business within the Protected Territory beyond the scope of what is already permitted by this Agreement. Franchisee agrees that Franchisor and Franchisor's owners and their subsidiaries and Affiliates are not restricted from using the System or engaging in or licensing any business activity including System Businesses or other PDR businesses in any other part of the world, except as otherwise set forth in this Article 2. You have no right to any territory, except the Protected Territory, and we are not required to grant you any additional territory. However, if we, in our sole discretion, decide to grant you additional territory, we reserve the right to charge you a Territory Expansion Fee in an amount we determine is appropriate based on the size of the territory to be granted to you through the expansion.

2.3 Sales. Franchisee may offer and sell Services and Products only: (a) within the Protected Territory; and (b) in accordance with the requirements of this Agreement and the procedures set forth in the Manual. Franchisee agrees not to offer or sell Services or Products through any means other than those provided above. For example: Franchisee agrees not to offer or sell Services outside of the Protected Territory without having followed the procedure for engaging in Extra-Territorial Activity (as that term is defined below) set forth herein and in the Manual; Franchisee agrees not to offer to sell Products from satellite locations, temporary locations, carts or kiosks outside of the Protected Territory, or by use of catalogs, any Online Presence, or through any other digital format or print media without Franchisor's prior written approval; and Franchisee agrees not to sell Products to retail establishments for re-sale, without Franchisor's prior written consent.

2.4 Extra-Territorial Activity. This Agreement does not grant Franchisee the right to engage in Extra-Territorial Activity. Franchisee may only offer and sell Services and Products, or otherwise operate, outside of the Protected Territory ("**Extra-Territorial Activity**") if: the Extra-Territorial Activity occurs in an area that is not in the Protected Territory of any other System Business; and Franchisee meets the criteria for approval of Extra-Territorial Activity and receives Franchisor's prior approval for the Extra-Territorial Activity. Currently, Franchisor only approves of System Businesses engaging in Extra-Territorial Activity when the Extra-Territorial Activity is intended to respond to a specific weather event that is expected to generate a large number of PDR Repairs. The criteria for approval of Extra-Territorial Activity, and the process for requesting approval of Extra-Territorial Activity, will be provided in the Manual. Franchisor reserves the right to change that criteria and/or process from time to time in its sole discretion.

2.5 Franchisor's Reserved Rights. Except as otherwise expressly provided in this Agreement, Franchisor and all of its Affiliates (and its and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of its and their rights with respect to the Proprietary Marks and the System anywhere in the world, and the right to engage in any business whatsoever, including the right to:

- A. operate, and grant to others the right to operate, System Businesses outside the Protected Territory at such locations and on such terms and conditions as Franchisor, or its Affiliate(s), deem appropriate;
- B. develop, merchandise, offer, sell, and license others to sell products or services, including the Products or Services sold by Franchisee, under the Proprietary Marks through other channels and methods of distribution including wholesale, retail stores, auto body shops, online, print catalogues, direct marketing media and any other outlets, and promote and sell products bearing the Proprietary Marks at special events, such as car races, or through temporary locations and mobile units;
- C. acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), such as, and not limited to, PDR, insurance, or body shop businesses located or conducting business anywhere including in the Protected Territory. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions;
- D. sell themselves, their assets, the Proprietary Marks, their systems and/or the System to a third party; go public; engage in a private placement of some or all of their securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and
- E. if a large weather event occurs in your Protected Territory and Franchisor determines Franchisee does not have the resources, capacity, training or experience to respond to the demand for PDR Repairs resulting from the damage caused by the weather event, Franchisor can manage the response to that weather event, in your Protected Territory, but shall pay to you 4% of the Net PDR Sales generated by the PDR Repairs performed under Franchisor's management.

2.6 No Claims for Changes. With regard to any of the above transactions identified in Article 2.5, Franchisee and its Owners expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), the System and/or the loss of being identified as a franchisee under this Agreement. If Franchisor assigns its rights in this Agreement, nothing will be deemed to require Franchisor to remain in the PDR repair business or to offer or sell any products or services to Franchisee.

2.7 National Accounts. Franchisor also reserves the right to maintain a National Accounts program (these may also be referred to as "Key Accounts" or "Strategic Accounts"). A National Account is a customer, such as a chain of body shops, that has multiple properties across the territories of multiple System Businesses and/or states, or an insurer that engages Franchisor to perform PDR Repairs for its insureds at or near the location of the insured regardless of where that location is. Franchisee may not negotiate any contract terms with a prospective National Account. Franchisor will have the sole right and discretion to negotiate terms with any National Account.

Franchisor has the right to establish criteria for Franchisee's participation in any National Accounts program. Franchisor anticipates that if Franchisee is qualified, Franchisee will

participate in each National Accounts program, if any, which will require Franchisee to provide Services, and potentially Products, to the National Account according to the agreement Franchisor has negotiated with the National Account. If Franchisee chooses not to participate in the National Account program, or if Franchisee is unqualified, unable or unwilling to provide Services and Products to a National Account as requested, Franchisor, its Affiliate or a third party (which may be another franchisee-owned System Business) may enter Franchisee's Protected Territory and service the National Account, and Franchisee will not be entitled to any portion of the revenue generated by the National Account in these circumstances. Franchisor also reserves the right to terminate Franchisee's participation in the National Account program if Franchisee is not providing Services, and Products if any are required, according to the terms Franchisor has negotiated or if Franchisee's participation is not otherwise in compliance with Franchisor's policies.

2.8 Relocation. Franchisee may relocate the Franchised Business only with Franchisor's prior written consent. The relocation must not disrupt the operation of the Franchised Business. The selection of the new location, its construction, and opening is subject to the same provisions of this Agreement as the site selection, construction, and opening of Franchisee's original location. Franchisee is solely responsible for all relocation costs and expenses including those incurred by Franchisor in relation to relocation including, but not limited to its reasonable attorneys' fees.

Article 3. Term

3.1 Initial Term. Unless sooner terminated or modified as hereinafter provided, the term of this Agreement shall be 5 years from the Effective Date and this Agreement will expire without notice on such date.

3.2 Successor Agreement. Franchisee may be granted successor franchise rights for two (2) consecutive five-year terms if, at the end of each term, each of the following conditions has been satisfied:

A. Franchisee has notified Franchisor of its intent to renew the franchise at least nine (9) months (but no more than fifteen (15) months) before the then-current term expires;

B. Franchisee is not in default of any material provision of this Agreement or any successor franchise agreement (as applicable), and Franchisee has complied with the material terms and conditions of this Agreement or any successor franchise agreement (as applicable) throughout the term, including the minimum marketing requirements stated in Article 9.2;

C. Franchisor has determined that it still wishes to support the operation of a System Business in the Protected Territory;

D. all amounts owed to Franchisor and its Affiliates, Franchisee's technicians or other technicians, and third-party suppliers have been paid;

E. Franchisee has made the Franchised Business' equipment, methods of operation and Locations available for inspection by Franchisor, and are either approved by Franchisor or modified to conform to Franchisor's standards as Franchisor requires after conducting the inspection;

F. Franchisee has participated in, and completed to Franchisor's satisfaction, all of Franchisor's then-required training;

G. Franchisee executes Franchisor's then-current form of franchise agreement for successor franchises;

H. Franchisee pays a renewal fee equal to the then-current renewal fee stated in the Manual; and

I. Franchisee and each person who has guaranteed Franchisee's obligations under this Agreement signs a general release in a form Franchisor prescribes.

3.3 Hold-Over. If Franchisee continues to operate the Franchised Business with Franchisor's express or implied consent following the expiration of the term of this Agreement, the continuation will be deemed to be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while Franchisee continues to operate the Franchised Business. This Agreement will then be terminable by either party on 30 days' written notice to the other party, or such longer notice period as required by applicable law. For the avoidance of doubt, this provision does not apply in the case of Franchisee's continued operation of the Franchised Business after the Agreement has been terminated.

Article 4. Fees and Royalties.

4.1 In consideration of the rights and license granted herein, Franchisee shall pay to Franchisor each of the following:

A. **Initial or Successor Fee.** If this is the first franchise agreement granting Franchisee a license to operate the Franchised Business in the Protected Territory, upon the execution and delivery of this Agreement by Franchisee, Franchisee shall pay an Initial Franchise Fee in an amount equal to \$25,000.00. If this is a successor franchise agreement that renews Franchisee's license to operate an existing Franchised Business in the Protected Territory the Successor Fee shall be \$5,000. Franchisee acknowledges and agrees that such Initial Franchise Fee or Successor Fee has been fully earned and is nonrefundable in consideration of expenses incurred, rights granted, services rendered, and other valuable consideration, the receipt and sufficiency of which is acknowledged by Franchisee.

B. **Administrative Fee.** An Administrative Fee in the amount stated in the Manual shall be deducted from the amount charged for each PDR Repair performed by, or on behalf of, Franchisee, for which the Gross PDR Sales, less the Shop Rent, exceeds the Administrative Fee Threshold as stated in the Manual. The current Administrative Fee is \$100 and the current Administrative Fee Threshold is \$1,000. Currently, Franchisee is required to pay \$20 from each Administrative Fee to Franchisor and is allowed to retain \$80. Franchisor's portion of the Administrative Fee will be used by Franchisor to fund the BPDF referenced in Article 9.4, below. Franchisor reserves the right to change the Administrative Fee, the portion of the Administrative Fee that must be paid to Franchisor and the Administrative Fee Threshold. However, Franchisor shall not decrease the Administrative Fee Threshold to less than \$1,000.

C. **Royalty Fee.** A continuing Royalty Fee of 8% of Franchisee's Net PDR Sales and Franchisee's Gross Non-PDR Revenue during the term of this Agreement, except that no Royalty Fee will be owed for any PDR Repair performed by or on behalf of Franchisee in which the Net PDR Sales amount for that PDR Repair was either: \$300 or less; and/or was approved by Franchisor to be paid entirely to the technician that performed the PDR Repair and was actually paid, in full, to the technician.

D. **Technology Fee.** A Technology Fee in an amount sufficient to cover the cost of software, hardware or other technology products or services Franchisor provides to Franchisee for use in the operation of the Franchised Business. The software, hardware or other technology products or services provided by Franchisor and paid for using the Technology Fee, and the method used to calculate the amount of Franchisee's Technology Fee, are set out in the Operations Manual. The amount of the Technology Fee may change from time to time, upon written notice from Franchisor, as the products and software Franchisor provides change, or as their costs change. Currently the amount of the Technology Fee charged is equal to the amount Franchisor pays to make certain software available to Franchisee for use in operating the Franchised Business. However, Franchisor reserves the right to set the Technology Fee at an amount that covers both the amount Franchisor pays to make products and services available to Franchisee and for administrative costs incurred by Franchisor in arranging for the provision of technology products and services.

E. **Other Fees.** Such other fees that are set forth in other articles of this Agreement or otherwise imposed. Such fees shall be due as set forth in Article 4.2 of this Agreement unless different payment terms are expressly stated for such fees at the time they are imposed or thereafter.

4.2 **Payment of Fees and Late Fees.** Unless payment terms to the contrary are expressly stated in this Agreement or otherwise, all payments required by Article 4 that are based on Gross PDR Sales or Net PDR Sales ("**PDR Payments**"), are due and owing to Franchisor on or before the 15th day of the month following the month you receive the PDR Payment on which the fee is being paid; or the 120th day after the repair that generated the Gross PDR Sales occurred, whichever occurs first. Notwithstanding the foregoing PDR Payments owed on Gross PDR Sales or Net PDR Sales earned in the month of November of each year are due by December 15 of the same year. All payments required by Article 4 based on Gross Non-PDR Revenue ("**Non-PDR Payments**") are due and owing to Franchisee on the 20th day of the month immediately following the month in which the Gross Non-PDR Revenue was due to Franchisee, whether or not all or any of the Gross Non-PDR Revenue was received by Franchisee. All other payments due to Franchisor on a continuing basis ("**Other Regular Payments**") are also due on the 20th day of the month in which they are due. Any fees or amounts due to Franchisor, other than PDR Payments, Non-PDR Payments and Other Regular Payments are due on the date stated in the invoice delivered to Franchisee by Franchisor therefor. Franchisor may, upon notice to Franchisee, change the frequency of when PDR Payments, and/or Non-PDR Payments are due in its sole discretion. If any payment due Franchisor under this Agreement is overdue, Franchisee shall pay to Franchisor immediately upon demand the overdue amount together with a late charge on such amount. The late charge will be an amount equal to 0.83% per month of the overdue amount calculated from the date the overdue amount was due until the date it was paid, or the maximum rate permitted by law, whichever is less. All payments shall be made by wire transfer, electronic funds transfer, or such other payment method as Franchisor may designate from time to time. In its sole discretion, Franchisor may collect payments required by Article 4 by direct debit withdrawal by Franchisor from a designated bank account of Franchisee or by using such other payment technology as is or may become available during the Term. Franchisee will cooperate with Franchisor to set up payment through such methods and channels as may be designated by Franchisor from time to time. Franchisee acknowledges that nothing contained in this Article 4 shall constitute an agreement by Franchisor to accept such payments after the same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Franchisee acknowledges that Franchisee's failure to pay all such amounts when due shall constitute grounds for termination of this Agreement, as provided in Article 14 of this Agreement, notwithstanding the provisions of this

Article. The entitlement to such late charge shall be in addition to any other remedies Franchisor may have.

Article 5. Opening.

5.1 Opening Marketing Plan. No later than thirty (30) days prior to the expected opening of the Franchised Business, Franchisee shall submit to Franchisor, for its prior approval, Franchisee's direct sales and marketing plan if requested to do so by Franchisor.

5.2 Opening of Franchised Business. The Franchised Business shall be opened for business immediately upon satisfaction of all of the following requirements:

A. Franchisees shall have acquired all tools and equipment required for the opening of the Franchised Business in accordance with this Agreement and the requirements stated in the Manual.

B. Franchisee shall each have completed to Franchisor's satisfaction a training program approved or conducted by Franchisor, and Franchisee shall have engaged qualified personnel and technicians sufficient to operate the Franchised Business.

C. Franchisee shall have engaged technicians, either as employees or as independent contractors. If Franchisee signs this Agreement prior to October 1, only those technicians engaged by Franchisee in the three months after the Effective Date of this Agreement will be Franchisee Technicians as that term is defined in Article 7.7.B. below. If Franchisee signs this Agreement after October 1, those technicians engaged by Franchisee prior to April 1 of the following calendar year will be Franchisee Technicians.

D. Franchisee shall have identified a Location for the Franchised Business, provided Franchisor with all information Franchisor requested or required regarding the Location and has received Franchisor's approval of the Location.

E. Franchisee shall have paid all sums due Franchisor and its affiliated companies.

F. Franchisee shall not be in default under this Agreement, or any existing Franchise Agreement or other agreement with Franchisor or any of Franchisor's Affiliated companies.

G. Franchisor shall be satisfied as to Franchisee's compliance with the requirements necessary for opening the Franchised Business by such inspection and investigation as Franchisor deems appropriate. If Franchisee fails to pass its initial pre-opening inspection, Franchisor reserves the right to charge and collect a re-inspection fee and reimbursement for expenses it incurs for each additional inspection required to approve the Franchised Business for opening. The re-inspection fee and related expenses shall be due and payable within thirty (30) days of receipt of an invoice therefor, or Franchisor may, in its discretion, collect payment thereof by direct debit withdrawal by Franchisor from a bank account designated by Franchisee. Nothing under this Agreement shall in any manner relieve Franchisee of the obligation of complying with the requirements of the approved plans or the terms of this Agreement.

Franchisee may not open the Franchised Business until the above requirements have been satisfied to Franchisor's satisfaction, however, the Franchised Business must be opened within 120 days of Franchisee executing this Agreement for Franchisee to be in compliance with

its obligations hereunder. The System will be applied to all System Businesses, although Franchisor in its business judgment may make exceptions based on local conditions, special circumstances or different contractual provisions.

5.3 Development and Opening Expenses. Franchisee acknowledges and understands that Franchisee shall bear the entire cost of preparing the Franchised Business for opening, and opening the Franchised Business.

Article 6. Duties of Franchisor.

6.1 In addition to the other obligations and duties set forth in this Agreement, Franchisor agrees as follows:

A. Consultation. Upon reasonable request, Franchisor shall consult with and advise Franchisee on opening and operating the Franchised Business at a location, or using methods of communication, which Franchisor deems reasonable.

B. Access to Manual. For the term of the Agreement, Franchisor shall provide Franchisee access to the Manual in a format determined by Franchisor, such as making it available on a secured webpage, loaning one hard copy of the Manual, or any such other way as Franchisor determines to be most appropriate. Franchisor shall have the right to add to and otherwise modify the Manual to reflect changes in: the business, authorized products or services (or specifications therefor), equipment and tool requirements, quality standards, and operating procedures of the Franchised Business all as determined by Franchisor. Franchisor will communicate these additions and/or modifications to Franchisee. Such additions or modifications may be made through various communications by Franchisor, including updates to the Manual, policy statements, memoranda, bulletins, directives, instructions, intranet, electronic communications, or other material prepared by or on behalf of Franchisor. The Manual and any additions or modifications thereto may be provided in printed, machine readable, electronic, or any other form chosen by Franchisor.

C. Training. Franchisor shall make available to Franchisee, its manager, if any, and Franchisee's technicians such required and optional training courses, programs, conferences, seminars, and materials, as Franchisor deems appropriate. All training shall be conducted at such physical or virtual locations, and at such times, as Franchisor may designate and shall be subject to the terms and conditions set forth in this Agreement.

D. Email address and Toll-Free Phone Number. Franchisor shall establish an email address for Franchisee to use in operating the Franchised Business. Franchisee must use the email address provided by Franchisor for all communications related to the Franchised Business and must not use any other email address when promoting the Franchised Business. Franchisor shall also establish a toll-free number for the Franchised Business. Franchisee may not use any other phone number, other than the toll-free number established by Franchisor, when promoting the Franchised Business.

E. Opening Assistance. Franchisor will provide Franchisee access to a portion of Franchisor's proprietary list of body shops that identifies the body shops in the Protected Territory of which Franchisor is aware, and any contact information Franchisor has for those body shops, prior to, or shortly after, the Franchised Business opens. Franchisor will also send one representative to provide on-site assistance at the Location for a period of between 5 to 10 days, as determined by Franchisor in its sole discretion in the weeks immediately before and/or after Franchisee opens the Franchised Business.

F. **Inspections.** Franchisor shall endeavor to maintain high standards of quality, appearance and service for the System, and to that end shall conduct inspections of the Franchised Business, evaluations of the Services rendered by the Franchised Business, and interviews of employees, technicians, agents, body shops, insurance contacts and customers of the Franchised Business, all as Franchisor deems advisable and appropriate.

G. **System Business Directory.** Franchisor will make available to all System Businesses a business directory of System Businesses (the “Dentsmart Directory”) in electronic and/or printed format subject to the terms and conditions of Article 9 of this Agreement.

6.2 **Obligations to Franchisee Only.** All of the obligations of Franchisor under this Agreement are owed to Franchisee only, and no other party is entitled to rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation.

6.3 **Delegation.** Franchisee acknowledges and agrees that Franchisor has the right to delegate the performance of any portion, or all, of its obligations under this Agreement to third parties, and exercise any of its rights under this Agreement through third parties, whether those third-parties are Franchisor’s agents or independent contractors with whom Franchisor has contracted to perform these obligations, as Franchisor may direct. If Franchisor does so, such third parties will be obligated to perform all obligations owed to Franchisee in compliance with this Agreement and/or a separate signed agreement between Franchisee and such third-party as is approved by Franchisor.

Article 7. General Duties of Franchisee.

In addition to the other obligations and duties set forth in this Agreement, Franchisee agrees as follows:

7.1 **Opening.** Franchisee covenants and agrees to commence, diligently pursue, and satisfy the opening requirements for the Franchised Business and open for business in accordance with Article 5 of this Agreement.

7.2 **Initial Training.** Franchisee, or if Franchisee is an entity, all of its principal owners, shall complete the new franchisee training prior to Opening. Franchisee shall obtain Franchisor’s written approval to delegate operation of the Franchised Business to management personnel using the process prescribed in the Manual. All personnel employed or otherwise engaged by Franchisee in the position of general manager shall attend and successfully complete, to Franchisor’s satisfaction, Franchisor’s training program. If prior to Opening, Franchisor approves of the Franchised Business being managed by a general manager, rather than by Franchisee or, if applicable, its owners, the initial general manager shall complete initial training prior to Opening. All other personnel, including any subsequent general manager, shall sign up for training within fourteen (14) days of employment and complete training within one hundred and twenty (120) days of employment. The 120-day period may be extended if space in the training program is not available to Franchisee’s personnel during the specified periods. Notwithstanding Franchisor’s assistance in training Franchisee’s technicians Franchisee is exclusively responsible for the terms of employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting the Franchised Business’ employees or contractors without any influence or advice from Franchisor.

7.3 **Franchisee Meetings.** Franchisee, or if Franchisee is an entity, its principal owners, shall attend Franchisor’s Franchisee conferences and pay the non-refundable conference registration fee, if any, as the same may be designated by Franchisor.

7.4 Ongoing Training and Assistance. Franchisor may periodically make available other required or optional training courses to Franchisee and Franchisee's management-level personnel, as well as other programs, conferences, seminars, and materials, and Franchisee shall ensure that such personnel, as Franchisor may direct, satisfactorily complete any required training within the time specified. Franchisor may also offer Franchisee optional additional training, support and assistance in the operation of the Franchised Business. Franchisee and Franchisee's general manager, if any, may each be required to participate in additional required training. All training shall be provided at such locations as Franchisor may designate and Franchisee shall be responsible for Franchisee's and Franchisee's employees' travel expenses and room, board, and wages incurred in relation to, or during, the training. Franchisee will be charged reasonable tuition for the training of Franchisee's and Franchisee's management-level personnel and such tuition shall be payable per the terms of the invoice issued therefor. Franchisee will also be charged a reasonable fee for any additional support and assistance requested by Franchisee beyond that which Franchisor is obligated to provide under the terms of this Agreement. As of the Effective Date, Franchisor charges \$350 per day per trainer for ongoing training and additional support and assistance, plus travel and accommodation expenses for such trainer. Franchisor reserves the right to adjust such fees throughout the term of this Agreement. Franchisor reserves the right to require, as a condition of providing training, that personnel employed or otherwise engaged by Franchisee execute confidentiality agreements prepared by Franchisor. Franchisor reserves the right to limit the availability of any optional training programs.

7.5 Adherence to System Requirements. Franchisee expressly acknowledges that adherence to each and every provision of the System is reasonable, necessary, and essential to maintain the uniform image and favorable reputation of each System Business and the System and the success of Franchisor's franchise program, and not to control the day-to-day operation of the Franchised Business. Accordingly, Franchisee expressly agrees to comply with each and every requirement of the System during the term hereof, as the same may be modified or supplemented by Franchisor in its sole discretion. Such modifications and supplementations may relate to, without limitation, changes in the business, authorized products and services, FF&E requirements, quality standards, operating procedures, compliance with any requirements for computer systems or technology programs. Franchisee expressly agrees to pay any fees or charges associated with any such System modifications or supplementations and any other changes reflected in the Manual. Franchisee at all times remains responsible for the operation of the Franchised Business and all activities occurring in the Franchised Business, including, but not limited to the hiring, training, discipline, and staffing of the Franchised Business.

7.6 Quality of Service. Franchisee shall provide efficient, courteous, and high-quality service to the public and to the body shops it associates with, and shall operate the Franchised Business pursuant to the mandatory terms and provisions outlined in the Manual except as otherwise permitted by Franchisor in writing. Franchisee must grant customers a warranty for all PDR Repairs it performs. Franchisor has the right to require Franchisee to incorporate certain terms and conditions into its warranty and/or require Franchisee to communicate the terms and conditions of Franchisee's warranty to customers and body shops using certain methods. Such terms and conditions, if any, and communication requirements, if any, will be identified in the Manual. Franchisee agrees to, and will take all steps as are necessary to, ensure that all its technicians, and its other contractors and employees, treat each body shop representative, insurance company representative and other customers fairly and provide services in an honest, ethical and non-discriminatory manner.

7.7 Staffing.

A. Franchisee will maintain a competent, conscientious and trained staff. Franchisee will be solely responsible for all the functions of the Franchised Business and employment decisions of the Franchised Business, including decisions regarding the engagement of its contractors, and those related to hiring, firing, contracting with, supervising, disciplining and training employees and/or contractors, compliance with wage and hour requirements and record-keeping. All personnel representing, employed by, or operating pursuant to a contract with, Franchisee shall maintain such standards of sanitation and cleanliness as set forth in the Manual or specified in writing by Franchisor from time to time.

B. Franchisee will engage only technicians that: are trained in, and qualified to perform, PDR Repairs consistent with Dentsmart's System for PDR Repairs, and consistent with Dentsmart's standards; have demonstrated that they have sufficient workers compensation insurance and business insurance meeting the insurance standards set out in the Manual; and live within 1 hour of the Protected Territory. Franchisee must have a signed contract from each technician on or before April 1 of each calendar year for that technician to be affiliated with the Franchised Business (technicians that sign contracts with Franchisee on or before April 1 of a calendar year will be referred to as "**Franchisee Technicians**" and individually each such technician will be referred to as a "**Franchisee Technician**"). For each technician that Franchisee engages as an independent contractor, Franchisee must incorporate Franchisor's standards into each independent contractor agreement it enters into with a Franchisee Technician. Franchisee shall pay all technicians performing PDR Repairs on its behalf, whether or not they are Franchisee Technicians, within 90 days of the date of the repair, regardless of whether the body shop has paid Franchisee for the repair.

C. If Franchisee does not have enough technicians to perform all of the PDR Repairs sold by Franchisee, whether in the Protected Territory or in connection with Extra-Territorial Activity, Franchisee may use a technician affiliated with another System Business (a "**System Technician**") consistent with the standards set out in the Manual for the use of System Technicians. If no Franchisee Technician or System Technician is available to perform the PDR Repair(s), Franchisee must use a technician engaged by Franchisor (a "**Corporate Technician**") to perform the excess PDR Repairs under terms set by Franchisor and specified in the Manual unless no Corporate Technician is available to perform the PDR Repair(s). Franchisee may not use a technician to perform a PDR Repair(s) that is not a Franchisee Technician, Franchisor Technician or System Technician (a "**Resource Technician**") unless: (a) the Resource Technician is trained to perform PDR Repairs consistent with, and pursuant to, the System's standards for PDR Repairs; and (b) either (1) no Franchisee Technician, System Technician or Corporate Technician is available to perform the PDR Repair(s); or (2) the Resource Technician has a special skill set needed to perform a specific PDR Repair that requires such special skill set; or (3) the Resource Technician is requested by the customer or body shop; or (4) the Resource Technician facilitated the relationship between Franchisee and a specific body shop with which the Resource Technician is affiliated. For any PDR Repair for which Franchisee uses a System Technician, whether the PDR Repair was performed in the Protected Territory or in connection with Extra-Territorial Activity, Franchisee will pay the System Business with which the System Technician is affiliated a referral fee equal to 5% of the Net PDR Sales generated by that PDR Repair. For any PDR Repair for which Franchisee uses a Corporate Technician or a Resource Technician, whether the PDR Repair was performed in the Protected Territory or in connection with Extra-Territorial Activity, Franchisee will pay to Franchisor a referral fee equal to 5% of the Net PDR Sales generated by that PDR Repair.

D. If any Franchisee Technician performs a PDR Repair(s) on behalf of Franchisor or another System Business, Franchisee shall be entitled to receive from Franchisor (if the PDR Repair was performed on Franchisor's behalf), or the other System Business (if the PDR Repair was performed on behalf of another System Business), a referral fee equal to 5% of the Net PDR Sales generated by the PDR Repairs performed by the technician on behalf of Franchisor or the other System Business, unless the Franchisee Technician does not have insurance meeting or exceeding the standards set forth in the Manual in which case Franchisee will receive no referral fee.

E. None of Franchisee's employees will be considered to be Franchisor's employees and Franchisee will never contend otherwise. Franchisee expressly agrees, and will never contend otherwise, that Franchisor does not have the direct or indirect power to hire, fire or control any of Franchisee's employees. Neither Franchisee nor any of its employees whose compensation Franchisee pays may in anyway, directly or indirectly, expressly or by implication, be construed to be Franchisor's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's employees.

7.8 Authorized Products and Services. Franchisee must offer and sell all Services and Products that Franchisor requires, and only those Services and Products that Franchisor has approved. Franchisor may add, eliminate and change authorized Services and Products, in its sole discretion, and Franchisee must comply with all directives related to such changes (which may require purchasing and installing additional equipment). Franchisee shall perform all Services in accordance with Franchisor's standards and procedures as stated in the Manual or as communicated to Franchisee from time to time via other written directives. If Franchisee offers any Products and/or Services that are not approved by Franchisor, Franchisee will pay Franchisor a fee of \$250/day that such unauthorized Services and Products are offered for sale by the Franchised Business. Franchisee shall participate in all market research programs that Franchisor requires, which may include test-marketing new products or services, purchasing a reasonable quantity of new products or equipment for test-marketing, and promoting the sale of the new products or services. Franchisee shall provide Franchisor with timely reports and test results for all such programs.

7.9 Payments. Franchisee shall cause the Franchised Business to honor payments using any means designated by Franchisor, and enter into such arrangements with payment processors, credit card issuers or other vendors involved with the facilitation of payment methods designated by Franchisor as may be necessary.

7.10 Use of Location. If required by Franchisor, Franchisee shall use the Location premises solely for the operation of the Franchised Business and shall not use or allow the use of the premises for any other purpose or activity (including, without limitation, the promotion of any competing business) at any time without the prior written consent of Franchisor, which may be granted or withheld in Franchisor's sole discretion. Franchisee shall not sacrifice Gross non-PDR Revenue or Gross PDR Sales to further any other business activity.

7.11 Location Maintenance. Franchisor may establish standards for the maintenance of the Location which shall be specified in the Manual all of which Franchisee agrees to meet. Regardless of whether such standards are established, Franchisee shall maintain the Location in a clean and safe condition. The Location shall be constructed, maintained, and

operated in compliance with all applicable fire, safety, health, and sanitation laws, ordinances, and regulations, and with any standards established by Franchisor as specified in the Manual. Franchisee shall maintain high moral and ethical standards at the Location.

7.12 Upkeep and Maintenance. Franchisee shall perform such maintenance of the Franchised Business' equipment and the Location as are required by Franchisor to maintain the condition, appearance, and efficient operation of the Franchised Business as stated in the Manual. Franchisor may require, including, without limitation, (a) continuous and thorough cleaning and sanitation of the interior and exterior of the Location, (b) interior and exterior repair of the Location, (c) maintenance of equipment at peak performance whether or not the equipment is located at the Location, (d) replacement of worn out or obsolete improvements, FF&E, computer systems, software, and signs with approved improvements, and (e) periodic painting and decorating. At Franchisor's request, Franchisee shall upgrade the Location within the time specified by Franchisor at Franchisee's expense to conform to Franchisor's standards, the building decor appearance and presentation of the Proprietary Marks and/or trade dress consistent with Franchisor's then-current public image, including, without limitation, such structural changes, remodeling, and redecoration and such modifications to existing improvements as may be deemed necessary by Franchisor, as long as those same upgrading requirements apply to a majority of System Businesses operated by franchisees or by Franchisor or its Affiliates, or are necessary to bring the Location into compliance with requirements already adopted or being adopted by a majority of System Businesses. Franchisor has the right to establish standards that restrict Franchisee from making additions, alterations, or replacements to the Location or anything located on the Location premises without the prior written consent of Franchisor.

7.13 Compliance with Law. Franchisee shall, at Franchisee's expense, comply with all federal, state, and local laws, rules, ordinances, and regulations, and shall timely obtain, and keep in force as required throughout the term of this Agreement, any and all permits, certificates, licenses, and approvals necessary for the full and proper conduct of the Franchised Business in compliance with those laws. Franchisor cannot, and does not represent itself as to attempting to, be aware of, or familiar with all federal, state and local laws, rules, ordinances and regulations that may apply to Franchisee's business, or the permits, certificates, licenses, and approvals necessary for the full and proper conduct of the Franchised Business, and is not responsible for researching, or notifying Franchisee of, such matters. It is Franchisee's responsibility to understand its legal obligations, and to remain in compliance with those obligations.

7.14 Notification of Legal Action. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or potentially affecting the operations of or financial condition of the Franchised Business, including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

7.15 Payment of Taxes. Franchisee shall pay when due all taxes levied or assessed in connection with the possession, ownership, or operation of the Franchised Business and all taxes payable on royalties and other payments made to Franchisor or to any of its Affiliates (excluding income taxes payable by Franchisor or any of its Affiliates). In the event of any *bona fide* dispute respecting any tax assessed against Franchisee, the Franchised Business, any personal property of the Franchised Business, or any payments due to Franchisor or any of its Affiliates, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority; provided, however, that Franchisee shall act with all due diligence and

shall in no event permit a tax sale or seizure against the Franchised Business or any equipment, goods, or property of the Franchised Business, or any impoundment of payments due to Franchisor. Franchisee must pay to Franchisor the amount of any state or local sales, use, gross receipts, or similar tax that Franchisor may be required to pay on payments which Franchisee makes to Franchisor under this Agreement, regardless of whether the state or local tax is imposed directly on Franchisor, is required to be withheld by Franchisee from amounts due to Franchisor under this Agreement, or is otherwise required to be collected by Franchisee from Franchisor. Franchisee's obligations under this Article shall not be reduced or offset by any type of claim, credit or deduction of any kind.

7.16 Timely Payments. Franchisee recognizes that Franchisee's failure or repeated delays in making prompt payment in accordance with the terms of any agreements, leases, invoices, or statements for the purchase or lease of FF&E, inventories, supplies, or other goods and services will be detrimental to the reputation of Franchisee, Franchisor, and other System Businesses. Franchisee shall timely pay when due all amounts owed by Franchisee in connection with the operation of the Franchised Business. In its sole discretion, Franchisor may collect all payments and amounts due or payable under this Article 7 by direct debit withdrawal from a bank account designated by Franchisee, consistent with the payment process used to collect fees described in Article 4.

7.17 Project Management System. Franchisor may make available to the System Businesses a project management system. If required by Franchisor, Franchisee shall install, maintain, and use the project management system as developed and promulgated (in the Manual or otherwise in writing) by Franchisor. Franchisee shall either reimburse Franchisor for Franchisee's equitable pro rata share of Franchisor's cost of developing and maintaining such software, including, without limitation, enhancements, additions, substitutions, or other modifications provided to the System by Franchisor, purchase such system, or pay such fee as Franchisor may decide to charge for use of such project management or related system. Without regard to the actual capabilities of any project management system or other computer hardware or software that Franchisee installs and that Franchisor has access to directly or indirectly, Franchisor does not have the right to use such technology or tools to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of the System or the Services or Products offered by the Franchised Business.

7.18 Access to Data. Franchisor will be given direct, administrative access to the project management system, or other software, records or data used or collected by Franchisee for purposes deemed relevant by the Franchisor including but not limited to determining compliance with this Agreement and for auditing and inspecting Franchisee's financial statements, reports and all other data pertaining to the Franchised Business, whether maintained by Franchisee or by third parties.

7.19 Authority of Franchisee Representatives. If Franchisee is at any time a corporation, limited liability company, partnership or other business entity, Franchisee agrees and represents that:

A. Franchisee has the authority to execute and deliver this Agreement and to perform its obligations thereunder.

B. Franchisee is duly organized or formed and validly existing in good standing under the laws of the state of its formation or organization.

C. Franchisee's organizational documents or partnership agreement will at all times state that the issuance and transfer of the ownership interests of Franchisee are restricted by the terms and conditions of this Agreement, and all certificates and other documents representing an ownership interest in Franchisee will bear a legend referring to the restrictions of this Agreement in a form and language satisfactory to Franchisor.

D. Franchisee shall furnish Franchisor with its articles or certificate of incorporation or organization, bylaws, and partnership or limited liability documentation or similar organization documents, and any other documents Franchisor may reasonably request, and any amendments thereto or restatements thereof.

E. **Exhibit B** to this Agreement will at all times completely and accurately describe all of the owners of Franchisee and their beneficial ownership interests in Franchisee.

F. Franchisee and its owners will sign and deliver to Franchisor such revised Exhibit B as may be necessary to reflect any permitted changes in the information contained therein within five (5) days following the occurrence thereof and to furnish such other information about Franchisee's organization or formation as Franchisor may request.

G. Franchisee will ensure all of its owners execute the Owners' Guaranty included with this Agreement.

7.20 Use of Customer Data. Franchisee acknowledges and agrees that, in addition to the rights granted Franchisor under Article 10.7 hereof, Franchisor may use the names of customers, body shops, insurance companies, insurance brokers, body shop representatives or representatives of insurance companies or brokers served by the Franchised Business for any purpose, and agrees that Franchisor may have access to Franchisee's sales, body shop and customer data base for that purpose.

7.21 Website and Online Presence. Franchisor has established an internet Website, or Websites, that provide information about the System and that will or does identify System Businesses and Dentsmart Body Shops, provides for the promotion of the System and provides other online services for System Businesses, body shops and customers. Franchisor will have sole discretion and control over the Website and any other Online Presence (including timing, design, contents and continuation). Franchisor reserves the right to develop additional profiles or accounts in its Online Presence on websites designated for social networking, social media, or on websites otherwise commonly used by body shops, PDR providers, the vehicle repair industry, or by the franchise industry in general. Franchisor may, in its sole discretion, require Franchisee to participate in its Online Presence in Franchisee's individual capacity by preparing and maintaining all or a portion of a profile or account for Franchisee, at Franchisee's expense. Franchisor may use money from the BPDF to pay or reimburse the costs associated with the development, maintenance and update of its Online Presence and Websites. At Franchisee's expense, if any, Franchisor will include a link to specific pages from its Website relating to the Franchised Business. Franchisor shall have the only Dentsmart Website or Websites. Franchisee may not have any individual website other than those accessed and linked through Franchisor's primary Website without Franchisor's prior written approval. Franchisor may require Franchisee to prepare all or a portion of such individual pages on its Website, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's prior written approval prior to posting. Except for this interior page, Franchisee may not maintain any Online Presence or other website in connection with Franchisee's ownership or operation of the Franchised Business without Franchisor's written approval. If Franchisee is permitted or required to have an individual Online Presence, such as

social media accounts specific to the Franchised Business, Franchisee must provide Franchisor with administrator-level access credentials, usernames, passwords, tokens and all other information and items required for complete access to, and control over, any online presence or social networking activities. If Franchisee fails to comply with the requirements set for Online Presence, Franchisor, or its designees may use the access credentials to access Franchisee's accounts and resources to correct them to comply with Franchisor's requirements, without being guilty of trespass, conversion, infringement, or any similar tort. Franchisee will pay Franchisor, upon demand, all charges Franchisor incurs in taking such corrective action.

7.22 Inappropriate Online Presence or Content. Franchisor reserves the right to require Franchisee to remove any content in its individual Online Presence, including videos, advertising or other material or content posted that Franchisor, in its sole discretion, deems inappropriate.

7.23 Intranet. Franchisor is developing an online network through which confidential brand standards and other materials may be communicated to System Businesses and where Franchisor and franchisees can communicate by e-mail, instant messaging, or similar electronic means. Franchisee agrees to use the facilities of the online network in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

7.24 Additional Administrative Services. If Franchisee requests, Franchisor or its Affiliates may provide additional administrative services to Franchisee, including, but not limited to: accounting services, such as those related to the billing of body shops and processing payments from body shops; assistance with fulfilling Franchisee's Marketing Visit Obligation (as that term is defined in Article 9.2 below); assistance with closings of financing transactions or other transactions relating to the Franchised Business; negotiation of comfort letters, non-disturbance agreements, and other instruments, documents and agreements with Franchisee's lenders or prospective lenders, lender's counsel, Franchisee's counsel any other Franchisee representatives, or third parties; conducting research related to the Franchised Business and its operation; preparation of documents, instruments or agreements; and other project-based tasks. If any of these administrative services are provided, Franchisee agrees to pay to Franchisor a reasonable fee, as determined by Franchisor, for such services and to reimburse Franchisor and its Affiliates for any costs (including attorney's fees) incurred in connection with the provision of such services.

7.25 Reimbursement. Franchisee shall reimburse Franchisor for all costs and expenses (including attorneys' fees), incurred by Franchisor in connection with any legal action (including actions for injunctive relief, arbitration and mediation) in which Franchisee, its Affiliates, or their respective owners, directors, officers or managers is a named party, including but not limited to, reimbursement for costs and expenses incurred in connection with Franchisor's counsel entering an appearance, responding to discovery requests in such matters, and preparation by Franchisor and its counsel therefor.

7.26 Co-branding. Franchisor may determine from time to time to incorporate in the System programs, products or services which Franchisor either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which the Franchised Business, along with other businesses, will be required to offer and sell. This activity, referred to as "co-branding", may involve changes to the Proprietary Marks and may require Franchisee to make modifications to fixtures, equipment,

signs, and trade dress at the Location. Franchisee agrees to promptly implement such programs at the Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so.

7.27 Privacy and Data Protection. Franchisee must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information Franchisee controls) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual (“**Personal Information**”) in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules (“**Privacy Laws**”); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by Franchisor that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause Franchisor to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deems necessary in its business judgment to keep Franchisee in compliance with the Privacy Laws; and (v) immediately report to Franchisor the theft or loss of Personal Information (other than the Personal Information of Franchisee’s own officers, directors, owners, employees or service providers). Franchisee must also comply with payment card industry (“PCI”) standards, norms, requirements and protocols, including PCD Data Security Standards if applicable to the payment systems used by Franchisee.

Article 8. Quality Control and Supervision.

8.1 System Conformity. Franchisee agrees that substantial uniformity of quality at all System Businesses is necessary and desirable for purposes of establishing and protecting the shared identity, reputation, and goodwill associated with the System and the Proprietary Marks. In order to better accomplish these objectives, Franchisee agrees that:

A. The Franchised Business shall be operated in strict conformity with such mandatory standards, specifications, methods, and techniques as Franchisor may prescribe in the Manual, or otherwise in writing (as opposed to best practices and suggestions set out in the Manual or by Franchisor elsewhere), and Franchisee shall refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor’s rights therein. Franchisee is responsible for the day-to-day operation of the Franchised Business. While Franchisor intends to impose the System, and any changes and modifications thereto generally uniformly among all System Businesses, complete and detailed uniformity under many varying conditions may not be possible or practical, and Franchisor specifically reserves the right and privilege, in its sole discretion and as it may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee or region based upon the peculiarities of a particular territory, density of population, business potential, business practice, or other condition important to the successful operation of a particular Franchised Business. Franchisor may grant variations from standard specifications and practices as Franchisor determines in its discretion, and Franchisor will have no obligation to grant Franchisee or any other franchisee like or similar variations and Franchisor’s failure to require a change from any particular franchisee will not affect Franchisee’s obligations under this paragraph.

B. Franchisee shall, at Franchisee’s expense, purchase or lease and utilize in the operation of the Franchised Business, and/or the Location, all FF&E, software systems and other systems and technology programs specified by Franchisor. The size, form, color scheme,

content (except for prices or charges which are subject to Article 8.8 below), and location of all signs, advertisements and graphic materials displayed by the Franchised Business shall be as prescribed in the Manual or otherwise approved in writing by Franchisor. Notwithstanding the foregoing, and without regard to the actual capabilities of any project management system or other computer hardware or software that Franchisee installs and that Franchisor has access to directly or indirectly, Franchisor does not have the right to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of the Dentsmart System or the Services or Products offered by the Franchised Business.

C. Franchisee is required to purchase products, services, ingredients, supplies, FF&E items, and materials required for the operation of the Franchised Business pursuant to specifications set forth in the Manual ("**Approved Products & Services**"). In some cases, Franchisee may be required to buy only specific Approved Products & Services. Franchisor may designate manufacturers, suppliers or distributors who meet Franchisor's specifications or are subject to Franchisor's specifications ("**Approved Suppliers**") and if such Approved Suppliers have been designated as the only source for any Approved Products & Services, Franchisee agrees to only purchase such Approved Products & Services from the Approved Suppliers. In some cases, Franchisor or Franchisor's Affiliates may be the only Approved Supplier for certain, or all, Approved Products & Services. Specification of an Approved Supplier may be conditioned on various requirements, including, but not limited to, those relating to: quality and consistency of products and services; frequency of delivery; standards of services; prompt attention to complaints; and payments, contributions, or other consideration paid to Franchisor, Franchisor's Affiliates or the BPDF. Franchisor may, from time to time, withhold, condition and/or revoke Franchisor's approval of particular items or suppliers in Franchisor's reasonable discretion, and Franchisor's approvals of Approved Products & Services and/or Approved Suppliers may be temporary. Franchisor or Franchisor's Affiliates may receive marketing allowances, rebates, commissions, and other benefits from suppliers in relation to items purchased by Franchisee and other franchisees and System Businesses. Such marketing allowances, rebates, commissions, and other benefits are based on System-wide purchases. Franchisee assigns to Franchisor or its designee all right, title and interest in any such marketing allowances, rebates, commissions, and other benefits and authorizes Franchisor or its designee to collect and retain any such allowances without restriction (unless otherwise instructed by the supplier), provided that Franchisor's current policy is to utilize such funds for purposes Franchisor believes may enhance the System and public awareness of the System. Franchisor has the right to condition or revoke Franchisee's right to participate in any supplier programs if Franchisee is in default under this Agreement.

D. Franchisee may propose alternative manufacturers, suppliers or distributors ("**Alternative Suppliers**") of Approved Products & Services, as well as alternatives to Approved Products & Services ("**Alternative Products & Services**"). If Franchisee would like to use Alternative Suppliers, or Alternative Products & Services, Franchisee must first request in writing that Franchisor approve the alternate. Franchisee must submit whatever information, specifications, or samples Franchisor requires and must pay to Franchisor a testing fee of \$500 per Alternative Supplier or Alternative Product and Service when the request is submitted. If the costs Franchisor incurs to review and test the Alternative Products & Services, or the review of the Alternative Supplier, exceed \$500, then the testing fee shall be an amount sufficient to reimburse Franchisor for such costs payable per the terms of the invoice(s) therefor. If, based on the review, Franchisor decides to approve the Alternative Products & Services, or Alternative Supplier, as the case may be, for use by all franchisees in the System, then Franchisor will reimburse Franchisee for the testing fee. Franchisor reserves the right to approve or disapprove proposed Alternative Products & Services or Alternative Suppliers, as the case may be, in its sole

discretion. Franchisor will notify Franchisee within a reasonable time of its approval or rejection of the Alternate Products & Services or Alternative Supplier. Franchisor may revoke an approval previously given at any time in its discretion, upon notice to Franchisee. Notice will be given in a manner that Franchisor deems appropriate. Franchisor may require any proposed Alternative Supplier proposed by Franchisee to sign a confidentiality agreement acceptable to Franchisor, and Franchisor may require that samples of or from the proposed Alternative Products & Services (or of Approved Products & Services requested to be purchased from an Alternative Supplier) be delivered to Franchisor for testing prior to approval and use. Further, all proposed Alternative Suppliers must agree to permit Franchisor's agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by Franchisor to assure Franchisor of the proper production, processing, packaging, storing and transportation of the products, services, supplies, FF&E or other items and materials to be purchased by Franchisee, and with respect to Alternative Products & Services, that they comply with Franchisor's standards and requirements. The foregoing will not be construed as an attempt to unreasonably limit the sources from which Franchisee may procure products, ingredients, services, supplies and materials. Rather, it is Franchisor's intention that such items conform to Franchisor's strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, Franchisor will not be required to approve an inordinate number of Alternative Suppliers of a given item which in Franchisor's reasonable judgment would prevent Franchisor's effective supervision of suppliers. Notwithstanding the foregoing, Franchisor may designate certain Approved Products & Services as proprietary, and not permit Alternative Suppliers, or Alternative Products & Services for such items. Nothing in this Article 8.1 requires Franchisors to disclose any Trade Secrets to any third party.

E. FRANCHSOR AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, FF&E ITEMS, SUPPLIES, OR OTHER ITEMS FRANCHISOR APPROVES AND FRANCHISOR EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED PRODUCTS & SERVICES.

8.2 Compliance with Manual. The Franchised Business shall be conducted in accordance with the mandatory provisions contained in the Manual, as updated, supplemented, and modified by Franchisor from time to time. Franchisee further acknowledges that establishing, maintaining, and protecting the goodwill, reputation, and uniformity of the System requires strict adherence to this Agreement and the Manual in all respects, it being agreed that every detail is significant and material. Franchisee shall at all times ensure that Franchisee's copy of the Manual is kept current and up-to-date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling. Franchisee shall maintain the Manual in a safe and secure location (including with appropriate password protection, if the Manual is kept electronically) and shall report the theft, loss of or unauthorized access to the Manual, or any portion thereof, immediately to Franchisor.

8.3 Inspections. Franchisee hereby grants to Franchisor and its agents the right to enter upon any premises of the Franchised Business, or any premises where the Franchised Business is providing Approved Products and/or Services, at any reasonable time for the purpose of conducting evaluations and/or inspections. Franchisee shall cooperate fully with Franchisor's agents during the evaluations and/or inspections, and take such steps as may be reasonably necessary to correct any deficiencies detected during such evaluations and/or inspections, upon the written request of Franchisor or its agents, within such reasonable time as

may be specified therein. Franchisee shall provide all information requested by Franchisor for the purpose of Franchisor conducting customer satisfaction audits and surveys, and permit Franchisor and its agents access to test, sample, inspect and evaluate Franchisee's supplies, FF&E and products. If Franchisor determines that the Franchised Business, or its operation, presents a threat to customers or public health and safety, Franchisor may take whatever measures it deems necessary, including requiring Franchisee to immediately stop operating the Franchised Business until the situation is remedied to Franchisor's satisfaction. Franchisor may charge Franchisee for the actual expense of the evaluation and/or inspection, and any follow up evaluation and/or inspection necessary to confirm that the threat has been addressed, which expenses may include the hiring of a third party to perform the evaluations and/or inspections ("**Quality Inspection Fee**"). Franchisee shall pay such Quality Inspection Fee within fifteen (15) days of receipt of an invoice therefor. Franchisor may, in its sole discretion, collect any payments or amounts due or payable under this Article by direct debit withdrawal from a bank account designated by Franchisee.

8.4 Inspection Reports and Failure of Inspections. Franchisee shall promptly provide Franchisor with a copy of any health or safety inspection performed of the Franchised Business. If Franchisee fails an inspection for any health or safety reason that Franchisor, in its discretion, deems to constitute a danger to the health or safety of the public, or employees of the Franchised Business, Franchisee shall, immediately upon Franchisor's request, take such action as required by Franchisor, including closing the Franchised Business, until the dangerous conditions have been remedied to Franchisor's satisfaction. Nothing in this Article 8.4 shall limit or restrict Franchisor's rights under Article 14, or any other Article of this Agreement.

8.5 Franchisee Inventions. If Franchisee or its Affiliates, owners, employees or contractors develop any Products, Services, procedures, inventions, or improvements on products, services, or procedures already part of the System, whether or not the development or improvements are protectable intellectual property (collectively "**Inventions**"), such Inventions must be promptly disclosed to Franchisor, and if deemed by Franchisor to be appropriate for use in the Franchised Business and other System Businesses, such Inventions will be deemed to be Franchisor's sole and exclusive property, part of the System and works made-for-hire for Franchisor. To the extent any such Invention does not qualify as work-made-for hire, it must be assigned to Franchisor. Franchisee agrees to take, or direct its Affiliates, owners, or employees, to take all necessary steps and action such assignment may require.

8.6 Integrity in Promotion and Business. All marketing and promotion by Franchisee shall be factual, ethical and in good taste in the judgment of Franchisor and shall be subject to Franchisor's approval as provided in Article 9.1 of this Agreement. Franchisee shall, in all dealings with its customers, suppliers, Franchisor, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which, in the subjective opinion of Franchisor, may be injurious to the business of Franchisor and the goodwill associated with the Proprietary Marks and other System Businesses.

8.7 Notification of Agency Reports. Immediately upon receipt by Franchisee of any report from any government or regulatory authority or other comparable agency, Franchisee shall send a complete copy of such report to Franchisor by email or overnight courier service. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business or of any notice of violation of any law, ordinance, or regulation relating to health or sanitation.

8.8 Product Pricing and Discounts. Franchisor and Franchisee recognize the value of pricing and marketing programs that facilitate the marketing of the System, the System's relationship with insurers, the good will, reputation, and uniformity of the System and consumer acceptance and recognition of System Businesses. Franchisee and Franchisor agree that, in order to better accomplish these objectives, Franchisor may from time to time in its sole judgment (a) require prices for Services or Products to start at levels no higher than those determined by Franchisor and (b) otherwise establish rates and prices, all to the extent permitted by applicable law. Unless expressly permitted by Franchisor in prior writing, Franchisee will not offer coupons, discounts, gift cards, gift certificates, loyalty programs, or similar promotions.

Article 9. Advertising.

Franchisee and Franchisor recognize the value of advertising and the importance of the System's standardized advertising programs to the furtherance of the goodwill and public image of the System. In order to better accomplish these objectives, the parties agree as follows:

9.1 Conformance with System Standards. All advertising, marketing, and sales materials used by Franchisee in any medium shall be conducted in such manner, and shall conform to such standards and requirements, as Franchisor may specify from time to time. Franchisee must submit to Franchisor for its prior written approval samples of all advertising, marketing, and sales plans and materials and all other materials displaying the Proprietary Marks that Franchisee desires to use which have not been prepared or previously approved by Franchisor; provided, however, that no such approval shall relieve Franchisee from complying with the requirements of Article 8.6 of this Agreement.

9.2 Minimum Marketing Visit Obligations. Franchisee agrees to complete a minimum of 200 Shop Visits and 12 Insurance Contacts during each calendar year of the term of this Agreement ("**Marketing Visit Obligation**"). A "Shop Visit" is an in-person meeting with the ownership or management of a body shop in the Protected Territory, whether or not the body shop has a contract with Franchisee. An "Insurance Contact" is an in-person meeting, telephone call or an email sent specifically to a field adjuster or an agent of an insurance company that insures vehicles in the Protected Territory. In addition, for the purposes of the Marketing Visit Obligation, attending a body shop association meeting will be considered the equivalent of making 8 Shop Visits, and attending a meeting where multiple insurance companies are represented will be considered the equivalent of making 2 Insurance Contacts. Franchisee can only use a maximum of 5 body shop association meetings per year towards fulfilling its Marketing Visit Obligation. Failing to fulfill the Marketing Visit Obligation will constitute a default of Franchisee's obligations under this Agreement.

9.3 Local Advertising Requirement. Throughout the term of this Agreement, Franchisee shall spend at least \$10,000 per calendar year on local marketing and advertising in the Protected Area. Franchisor may from time to time specify in the Manual the types of expenses that will be counted towards the required minimum local advertising spend. Notwithstanding the foregoing, if Franchisee contributes funds towards an Advertising Cooperative, those funds actually contributed to the Advertising Cooperative will off-set the local advertising expenditures required by this Article for the same time period as in which the Advertising Cooperative contributions were made.

9.4 Brand Protection and Development Fund. Franchisor has established a Brand Protection and Development Fund ("**BPDP**"). The BPDP will be administered by Franchisor, provided that Franchisor may, in its sole discretion, consult with the Advisory Franchisee Committee, if any, on matters relating to the BPDP. The BPDP may be used for three

types of purposes: 1) to protect the Dentsmart brand by providing franchisees' access to funds they can use to pay technicians when body shops fail to remit payments owed to Franchisee for PDR Repairs performed by those technicians pursuant to the criteria, policies and procedures set forth in the Manual as they may be revised from time to time; 2) to loan money to qualified franchisees to help them cover the costs of having their technicians trained on how to perform PDR Repairs consistent with Dentsmart's System and standards; 3) to meet any and all costs of researching, developing and preparing national, regional, point of sale, and local direct sales advertising and marketing strategy materials for use within the System, including, without limitation, costs associated with developing, preparing, directing, administering, maintaining, and disseminating advertising, marketing, promotional, and public relations materials; conducting marketing research and new product development; point-of-sale advertising and other sales aids; maintaining a national sales and marketing staff and related expenses or hiring outside agencies; development, maintenance and updates to the Online Presence; joint promotional programs for all Franchisor brands; and preparing, producing, broadcasting, and disseminating advertising and promotions, including, without limitation, via radio, television, newspaper, magazine and Internet advertising, market surveys, public relations activities, and employment of advertising agencies (collectively "Brand Development Activities").

A. To the extent that the BPDF is used to protect the brand by providing franchisees funds to pay technicians, Franchisor shall determine the criteria for how franchisees, including Franchisee, shall qualify to receive funds from the BPDF, including, but not limited to, what efforts franchisees must take to attempt to collect the unremitted payment from the body shop, and how long the unremitted payment must be outstanding, before franchisees can request assistance from the BPDF, and any limitations on how much franchisees may receive from the BPDF during specified periods of time.

B. To the extent that the BPDF is used to loan money to qualified franchisees to help them cover the costs of having their technicians trained on how to perform PDR Repairs consistent with Dentsmart's System and standards, Franchisor shall: determine the criteria for which franchisees, including Franchisee, must meet in order to qualify to borrow money from the BPDF, set limits on how much can be lent by the BPDF, in general, for this purpose, and how much can be borrowed by specific franchisees, and set the terms on which money will be lent to franchisees from the BPDF including terms relating to how long the franchisees will have to pay back the borrowed money, whether franchisees will have to pay interest to the BPDF, and if so, how much, and the consequences of franchisees defaulting on the repayment of the loans from the BPDF.

C. To the extent that the BPDF is used for Brand Development Activities, Franchisor shall choose and determine the nature, theme, and timing of advertising and the kind and quality of advertising materials to be provided to franchisees through the BPDF. Franchisor, or its designee, shall direct all advertising, marketing, and direct sales promotional programs and activities, and retain sole discretion over the concepts, materials, and media used in such programs and activities and the placement and allocation thereof.

D. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, shall be maintained in an account separate from Franchisor funds, and shall not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs, travel expenses (including collections), overhead, and similar expenses Franchisor may incur for activities related to the administration of the BPDF and all costs of pursuing collections of unremitted payments owed to franchisees, evaluating whether or not franchisees meet the criteria to receive funds from the BPDF, and developing and preparing national, regional, point of sale, and local advertising materials for use within the System.

E. Franchisor shall, for each of its, or its Affiliate System Businesses, make contributions to the BPDF at the same percentage of Net PDR Sales required of Franchisees within the System.

F. Franchisee acknowledges that the intent of the BPDF shall be to protect the System by helping franchisees satisfy their obligations to their technicians in situations where the franchisee has not been paid for the work performed by the technician on the franchisee's behalf to help increase the number of technicians trained to perform PDR Repairs consistent with Dentsmart's System and standards, and to help develop the System by maximizing general public recognition, direct sales programs, and acceptance of the Proprietary Marks for the benefit of the System, and Franchisor shall have no obligation in administering the BPDF to make expenditures for Franchisee which are equivalent to or proportionate to any Administrative Fee payments made by Franchisee to Franchisor, or to ensure that any particular franchisee or any particular System Business benefits directly or pro rata from advertising or promotions conducted by the BPDF. The BPDF is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the BPDF; provided, however, that Franchisor will make a good faith effort to expend such fees in a manner that Franchisor determines is in the general best interests of the System. In any fiscal year Franchisor may spend more or less than the aggregate contribution to the BPDF in such fiscal year. Franchisor has the right to advance monies to the BPDF and subsequently obtain reimbursement of such advances out of the BPDF. Except as expressly provided in this Article 9.4 Franchisor does not assume any direct or indirect liability to Franchisee with respect to the maintenance, direction, or administration of the BPDF. BPDF contributions will not be principally used to sell additional franchises.

9.5 Advisory Franchisee Committee. Once established by Franchisor, Franchisee and all franchisees of the System shall be members of the Advisory Franchisee Committee. As long as this Agreement remains effective, Franchisee shall be a member of the Advisory Franchisee Committee or such successor franchise advisory council as may be sanctioned by Franchisor to serve as an advisory council to Franchisor with respect to advertising, marketing and other matters relating to System Businesses. Franchisee shall pay to the Advisory Franchisee Committee all dues, assessments, and conference fees authorized by the Advisory Franchisee Committee and shall otherwise maintain its membership in the Advisory Franchisee Committee in good standing ("good standing" means the Advisory Franchisee Committee dues and assessments are current and Franchisee has not been given a notice of default under this Agreement or any other agreement between Franchisee and Franchisor or its Affiliates). Such fees shall be consistently applied to all System Businesses including those owned by Franchisor or its Affiliates. As of the date of this Agreement, the Advisory Franchisee Committee has not been established.

9.6 System Business Directory. Franchisee agrees to list the Franchised Business in the Dentsmart Directory and to furnish to Franchisor such information as Franchisor or its designee may request for that purpose. Franchisee understands and acknowledges that the success and utility of the Dentsmart Directory may require that it contain certain information concerning the Franchised Business; and that Franchisee shall have sole discretion in determining what information relating to the Franchised Business appears in each Dentsmart Directory.

9.7 Online Reservation System. Franchisee shall participate in the Dentsmart online reservation system, once it is established, if it is established, and shall observe all terms and conditions of participation in that system specified by Franchisor. Franchisee shall purchase, install, and maintain all equipment necessary for participation in the online reservation system required by Franchisor, including computer equipment and software and any future

enhancements, additions, substitutions, or other modifications specified by Franchisor in the Manual or otherwise in writing. Franchisee shall also be responsible for other communication infrastructure charges for connecting Franchisee's online ordering equipment to the online ordering system and for the cost of supplies used in the operation of the equipment and for all other related expenses.

9.8 Advertising Cooperative. Franchisor has the right to establish and maintain local and regional advertising cooperatives for geographic areas (each an “**Advertising Cooperative**”). Each Advertising Cooperative will use the funds it receives only for the purposes set forth in this Agreement and shall operate pursuant to policies and procedures Franchisor establishes. All System Businesses in the geographic area of an Advertising Cooperative will participate in the Advertising Cooperative on the same basis. Franchisor will provide Franchisee written notice of the establishment of any Advertising Cooperative for the geographic area that the Franchised Business is located in, if and when an Advertising Cooperative for the geographic area is established. Franchisee may be required to contribute up to two percent (2%) of its Gross Revenue to the Advertising Cooperative. Franchisee will make those contributions either to Franchisor or directly to Franchisee's Advertising Cooperative, as Franchisor directs from time to time.

Article 10. Financial Reporting.

10.1 Maintenance of Books and Records. Franchisee shall, in the manner and form specified by Franchisor in the Manual or otherwise in writing, prepare on a current basis (and preserve for at least five years from the date of preparation) complete and accurate books and records using such charts of accounts as Franchisor may require, and in accordance with generally accepted accounting principles concerning Gross Revenues and all financial, operating, marketing, and other aspects of the Franchised Business, and maintain an accounting system that fully and accurately reflects all financial aspects of the Franchised Business and Franchisee. Such books and records shall include, but not be limited to, books of account, tax returns, governmental reports, daily and other periodic reports, and complete quarterly and annual financial statements (profit and loss statements, balance sheets, and cash flow statements). Franchisee's obligation to preserve such books and records shall survive the termination or expiration of this Agreement.

10.2 Weekly Repair Schedule. Franchisee shall maintain a current and up-to-date repair schedule that is available to Franchisor through Franchisor's project management system, if any, or other online or web-based system Franchisor requires or permits Franchisee to use. The repair schedule will include the information and detail, and be in such form, as Franchisor may require and as is described in the Manual.

10.3 Monthly Reports. Unless automatically generated by Franchisor's estimating system, Franchisee's point of sale system, the System's project management system, if any, or other online or web-based system Franchisor requires or permits Franchisee to use, on or before the 20th of the following calendar month, Franchisee shall submit to Franchisor a report showing all PDR Repairs performed by Franchisee, a report showing how much Franchisee has spent on local marketing, and a report of Gross Non-PDR Revenue (in such form and detail as Franchisor may require and as is described in the Manual) that will support the computation of all fees then due under Article 4.1 of this Agreement, provided that, if fees will become due under this Agreement at a different frequency than monthly, upon notice to Franchisee Franchisor may require reports to be submitted at such frequency as to coincide with the frequency of the payment due dates. The report shall include information for the preceding month as to the amount of Net PDR Sales, Gross non-PDR Revenue, Gross PDR Sales and other revenues, expenses, and

information as Franchisor may require. Any report required to be submitted hereunder shall be submitted electronically, unless another format for submission is specified by Franchisor.

10.4 Annual Reports. At Franchisor's request, Franchisee shall submit to Franchisor as soon as it is available but not later than ninety (90) days after the end of Franchisee's fiscal year, at Franchisee's expense, a full and complete reviewed financial statement in writing setting forth the Net PDR Sales, Gross non-PDR Revenue, Gross PDR Sales and other revenues of Franchisee and the computation of all amounts paid by Franchisee under Article 4.1 of this Agreement for such fiscal year. Such statement shall be prepared in such format and according to such standards as specified by Franchisor, which may include being prepared in accordance with generally accepted accounting principles, consistently applied, and being accompanied by a report from an independent certified public accountant that the statement has been examined in accordance with generally accepted auditing standards. In addition, at Franchisor's request, Franchisee shall submit to Franchisor true copies of all state sales tax returns relating to sales made by the Franchised Business at the same time the returns are filed with state authorities, and such other records as Franchisor may reasonably request, including, without limitation, state and federal income tax returns of Franchisee.

10.5 Audits and Inspections of the Records. Franchisor or its representatives, at Franchisor's expense, shall at all reasonable times have the right to inspect or audit the books, accounts, records, returns, and statements of Franchisee on the premises of Franchisee, or at such other location where they are kept, or to have such records sent to a separate location designated by Franchisor. The foregoing records may include, but are not limited to, state and federal income tax returns, credit card or any other third-party charge account statements, invoices and any bank, savings and loan, brokerage, or other financial checking, money market, or savings account used for, or by, the Franchised Business. Franchisee shall fully cooperate with Franchisor and its representatives or agents conducting such inspections or audits and, upon request Franchisee shall submit a written response to any issues raised in connection with said audits. In the event a discrepancy between the reported Gross non-PDR Revenue, Gross PDR Sales and Net PDR Sales and the actual Gross non-PDR Revenue, Gross PDR Sales and Net PDR Sales is uncovered in any audit conducted pursuant to this Article for any reporting period (weekly, monthly, quarterly, annually or such other period as set by Franchisor), Franchisee shall promptly pay the amount of fees determined to be owing and, if the audit determines that the Royalties paid and/or Administrative Fee paid were less than 2% of what was owed, Franchisee shall reimburse Franchisor for all costs of the audit, including travel, lodging, and wages of personnel of Franchisor or third parties conducting such audit. Franchisee shall also promptly reimburse Franchisor for the cost of any audit (including salaries, travel, and living expenses) necessitated by Franchisee's failure to file any financial report due hereunder and any deficiency in Royalty Fees, Administrative Fees or other fees determined by such audit. At Franchisor's option, Franchisee shall also immediately pay to Franchisor a late charge on the understated amount due from the date such amount was due until paid at the lesser of 0.83% per month or the maximum rate permitted by applicable law. The foregoing remedies shall be in addition to any other remedies Franchisor may have. Submission by Franchisee of more than two monthly reports of Gross Revenues which under-report Gross Revenues for any reporting period by 2% or more (regardless of any subsequent cure) shall constitute a material breach of this Agreement entitling Franchisor, at its option, the right to terminate this Agreement pursuant to Article 14.1.B. of this Agreement.

10.6 Authorization of Financial Institutions and of Disclosure. Franchisee hereby authorizes all banks and/or other financial institutions with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Franchised Business. Franchisee further authorizes Franchisor to disclose

such information to prospective franchisees and state regulatory agencies provided that such information is not identified as relating to, specifically, the Franchised Business unless required by law or regulation and then only if Franchisor requests that such identification be held in confidence.

10.7 Use of Operations Data. Franchisee agrees that Franchisor or its Affiliates may disclose to third parties data concerning and relating, directly or indirectly, to the Franchised Business, the operations of Franchisee, and Franchisee's customers or body shops including, but not limited to information about Gross PDR Sales or Gross Revenues ("**Operations Data**"). Franchisee waives any notice in connection with the disclosure of Operations Data. Franchisor agrees that it, or its Affiliates, will from time to time disclose to Franchisee such operations data as it deems appropriate regarding other franchisees of Franchisor (Operations Data jointly with operations data of other franchisees, "**System Operations Data**"). Franchisor may, in its sole discretion, determine when and what System Operations Data will be disclosed, and may, without prior notice to, or consent from, Franchisee, change the scope of the Systems Operations Data being disclosed to Franchisee or when it is disclosed. Systems Operations Data disclosed to Franchisee is disclosed solely for Franchisee's internal business purposes and to enable Franchisee to compare its results with those of other System Businesses and franchisees of Franchisor. The disclosed Operations Data and Systems Operations Data remains confidential information of Franchisor. Franchisee may not disclose Systems Operations Data to other franchisees of Franchisor, prospective franchisees of Franchisor, competitors of Franchisor, prospective purchasers of Franchisee or any of Franchisee's assets, financial institutions, or any other third parties. The Systems Operations Data disclosed will be based on information provided to Franchisor by its franchisees. Such information may not be verified by Franchisor or any of its Affiliates. Franchisor has no obligation to correct Systems Operations Data that it learns was incorrect or incomplete, after it was disclosed, or to inform Franchisee that it learned such Systems Operations Data was incorrect or incomplete.

Article 11. Proprietary Marks and Trade Secrets; Competition.

11.1 Ownership of Proprietary Marks and System. Franchisor is either the owner or the licensee of all Proprietary Marks. Franchisee acknowledges that ownership of all right, title, and interest in the System and all parts thereof, including, without limitation, the Proprietary Marks and the design, decor, and image of all System Businesses, is and shall remain vested solely in Franchisor. Franchisee expressly disclaims any right, title, or interest therein or in any goodwill derived therefrom.

11.2 Franchisee's Use of Proprietary Marks and System. The license granted hereby to use the Proprietary Marks is nonexclusive, and Franchisee agrees that such Proprietary Marks are and shall remain the property of Franchisor and shall not be contested as to ownership or validity by Franchisee or its Affiliates. Franchisee understands and agrees that the grant of the license to use the Proprietary Marks is conditioned upon Franchisee's agreement that: (a) the Proprietary Marks shall be used only in connection with the Franchised Business and only in the manner authorized by Franchisor; (b) Franchisee will cooperate with Franchisor in protecting and defending the Proprietary Marks; and (c) Franchisee will comply with Franchisor's designations of additions, deletions, and changes in the Proprietary Marks. Franchisee's license to use the System, and any part thereof, is personal to Franchisee, and Franchisee shall not license, sublicense, or allow the System, or any part thereof, to be used by any other person, firm, or business association. All uses of the System and the Proprietary Marks by Franchisee inure to the benefit of Franchisor.

11.3 Changes to the Proprietary Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for Franchisee's use and to require Franchisee's use of any such new, modified or replacement Proprietary Marks in addition to, or in lieu of, any previously designated Proprietary Marks. Franchisee must, at its expense, comply with any such directive within sixty (60) days following its receipt of Franchisor's written notice.

11.4 Protection of Proprietary Marks and System. Franchisee shall not, directly or indirectly, at any time during the term of this Agreement or thereafter, do, cause, or suffer to be done any act or thing disputing, attacking, or in any way impairing or tending to impair the right, title, or interest of Franchisor in the Proprietary Marks or the System. Franchisee shall immediately notify Franchisor in writing of all infringements or imitations of the Proprietary Marks of which Franchisee becomes aware, and Franchisor shall exercise absolute discretion in deciding what action, if any, should be taken. Franchisee shall fully cooperate with Franchisor in the prosecution of any action to prevent the infringement, imitation, or illegal use of the Proprietary Marks and agrees to be named as a party in any such action at Franchisor's request. Franchisor will bear any and all legal expenses incident to Franchisee's participation, at Franchisor's request, in any action to prevent the infringement or illegal use of the Proprietary Marks, except for the cost of any legal counsel separately retained by Franchisee. Except as expressly provided in this Article, Franchisor shall not be liable to Franchisee for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind or nature whatsoever relating to any action involving the Proprietary Marks.

11.5 Identification of Franchised Business. Franchisee shall use the Proprietary Marks as the sole identification of the Franchised Business; provided, however, that in all public records and in its relationship with other persons, on stationery, business forms, checks, or as otherwise required by Franchisor, Franchisee shall identify the Franchised Business as being independently owned and operated, using language such as "Independently owned and operated by [Franchisee] through a Franchise Agreement with Dentsmart LLC" or "This Dentsmart business is independently owned and operated by [Franchisee] through a Franchise Agreement with Dentsmart LLC." Franchisee shall file so-called assumed name or doing business certificates with local or state authorities, as required by applicable law, showing its independent ownership of the Franchised Business. In no event shall Franchisee use the Proprietary Marks in connection with the sale of any product or service not authorized for sale by the Franchised Business. Franchisee shall not license, sublicense, or allow the Proprietary Marks to be used by any other person or business entity without Franchisor's prior written approval. In adopting any corporate, proprietorship, or partnership name, Franchisee shall not use the Proprietary Marks or any variation or abbreviation thereof, or any words confusingly similar thereto. Franchisee has no right to register any of the Proprietary Marks and shall not register any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark with the U.S. Patent and Trademark Office or with state or other authorities or register any URL or other internet address including any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark.

11.6 Trade Secrets. Franchisee further acknowledges and agrees as follows:

A. Franchisor possesses certain Trade Secrets, which include, in general, its methods, techniques, formats, specifications, programs, procedures, information systems, and knowledge, relating to the operation of, and franchising of, System Businesses.

B. Franchisor will disclose the Trade Secrets to Franchisee in furnishing Franchisee with the Manual and any other materials, in providing training to Franchisee hereunder, and in the performance of Franchisor's other obligations and the exercise of its other

rights under this Agreement. Franchisee hereby agrees that all materials lent or otherwise made available to Franchisee by Franchisor and all disclosures made to Franchisee hereunder including, without limitation, the Manual and other confidential commercial information identified as such by Franchisor are Trade Secrets of Franchisor and shall be kept confidential and used by Franchisee only in the operation of the Franchised Business. Franchisee will not, nor permit anyone else to, reproduce, copy, access or exhibit any portion of the Manual or any other confidential or proprietary information received from Franchisor. Franchisee shall not divulge any such Trade Secrets to any person other than Franchisee's employees and then only to the extent necessary for the operation of the Franchised Business.

C. Franchisee shall acquire no interest in the Trade Secrets, other than the right to utilize them in the development and operation of the Franchised Business during the term of this Agreement or the term of any successor agreement to this Agreement. The use or duplication of the Trade Secrets in any other business will constitute an unfair method of competition. The Trade Secrets are proprietary and are disclosed to Franchisee in confidence and solely on the condition that Franchisee agrees, and Franchisee hereby does agree, that Franchisee: (i) will not use the Trade Secrets in any other business or capacity; (ii) will maintain the absolute confidentiality of the Trade Secrets during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Trade Secrets disclosed in written form, including, without limitation, the Manual, bulletins or supplements, and additions thereto; and (iv) will operate and implement all reasonable procedures prescribed by Franchisor to prevent the unauthorized use and disclosure of the Trade Secrets. Franchisee shall immediately notify Franchisor of any unauthorized use of, or disclosure of, the Manual or any of the Trade Secrets or if the Manual or any other materials containing any Trade Secrets are lost or stolen.

D. The foregoing restrictions on Franchisee's disclosure and use of Trade Secrets shall not apply to information, processes, or techniques that are or become generally known and used by other similar PDR concepts, other than through disclosure (whether deliberate or inadvertent) by Franchisee, and disclosure of Trade Secrets in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided, Franchisee shall have used Franchisee's best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

11.7 Owners and Others Covered by this Article 11. Unless the context otherwise requires, the term "Franchisee" as used in this Article 11 shall include, individually and collectively, all partners, officers, directors, and managers of Franchisee, and owners or holders, directly or indirectly (and any partners, officers, directors, and managers of any such holder), of a beneficial interest in Franchisee.

11.8 Confidentiality Agreements. At Franchisor's request, Franchisee shall require and obtain execution of a Confidentiality Agreement in a form acceptable to Franchisor, (including a Confidentiality Agreement applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest in (i) Franchisee and (ii) any corporation partnership or LLC directly or indirectly controlling Franchisee; (b) the general partners and any limited partners (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest in such corporation or other entity which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; (c) the managers and members (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest in any corporation or other entity which controls, directly or indirectly, any member or manager), if Franchisee is a limited liability company; and (d) all of Franchisee's employees. Failure by Franchisee to obtain

execution of the Confidentiality Agreements required by this Article, or to deliver such Confidentiality Agreement to Franchisor, shall constitute a material breach of this Agreement.

11.9 General Manager Confidentiality Obligations. Franchisee shall require every person employed as general manager of the Franchised Business to devote their full time to such employment and to agree in writing to be bound by the restrictions set forth in this Article 11.

11.10 Proprietary Marks in Electronic Commerce. All use of the Proprietary Marks in electronic commerce, which includes all forms of electronic or computer communication, including all Online Presence, must comply with the requirements and restrictions set forth in the Manual. Franchisor may require that various types of marketing or advertising utilize a specific template or format. Franchisee must provide Franchisor with copies of all proposed applications for registrations of any of the Proprietary Marks or any variation thereof for use in and for electronic commerce, including Franchisee's website address, domain name and any other individual franchisee Online Presence. Franchisee must obtain Franchisor's prior written approval to file any such application, which Franchisor may withhold in its sole discretion. Upon expiration or termination of this Agreement, Franchisee agrees to transfer its website addresses, domain names and social media accounts to Franchisor upon Franchisor's written request. Franchisee will not receive any compensation for such transfer.

11.11 Revisions of Article 11 and Injunctive Relief. In the event any provision of this Article is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, then Franchisee agrees that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Franchisee agrees that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Article and agrees to the enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

11.12 Covenant Not to Compete. Franchisee acknowledges the uniqueness of the System and that Franchisor is making its knowledge, know-how, Trade Secrets and expertise available to Franchisee for the purpose of operating the Franchised Business only in the Protected Territory. Franchisee agrees that it would be an unfair method of competition for Franchisee to duplicate, or to allow others to use or duplicate, any of the knowledge, know-how, Trade Secrets or expertise for any reason other than the operation of the Franchised Business under this Agreement. Franchisee further recognizes the importance of devoting substantial time and energy to the Franchised Business. Therefore, Franchisee Agrees that:

A. During the term of this Agreement Franchisee and its owners shall not compete with Franchisor and/or the System by being associated directly or indirectly as an owner, shareholder, officer, director, employee, consultant, manager, or otherwise, in any Competing Business (except another System Business); provided, passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article.

B. For a period of two (2) years following the transfer (by Franchisee or by an owner signing an Owner's Acknowledgement to this Agreement), expiration, or termination of this Agreement for any reason, Franchisee and its owners shall not compete with Franchisor and/or the System by being associated directly or indirectly as an owner, shareholder, officer, director, employee, consultant, manager or otherwise, in any Competing Business (except a System

Business) anywhere in the Protected Territory or the Protected Territory of any other System Business; provided, passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article. If Franchisee, or an owner of Franchisee, are in breach of this Article following the transfer, expiration or termination of this Agreement (including by continuing to operate the Franchised Business as a System Business after the Agreement has expired or terminated), the period of duration for the obligation set forth herein will be tolled until the resolution of any enforcement action taken by Franchisor against Franchisee to enforce this Article. Franchisee and its owners covenant that they will not, for a period of two (2) years after the expiration, non-renewal or termination of this agreement, regardless of the cause of termination, or within two (2) years of the sale of the Franchised Business or any interest in Franchisee, solicit business from customers of Franchisee's former Franchised Business or from any national accounts, or contact any of Franchisor suppliers or vendors for any competitive business purpose, or solicit any of its former Franchised Business' key or executive levels employees, or the key or executive-level employees of any System Business operated by another franchisee, Franchisor or its Affiliates to discontinue employment.

Article 12. Insurance and Indemnity.

12.1 Insurance. During the term of this Agreement, Franchisee shall comply with all insurance requirements established by Franchisor as set forth in this Agreement, in the Manual or as otherwise communicated by Franchisor from time to time, and all the insurance requirements of any lease, mortgage, or deed of trust covering property used by the Franchised Business. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, but in no event later than the Opening, and shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, Franchisee shall maintain the following:

- i. General public liability insurance against claims for personal injury, death or property damage in an amount of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate;
- ii. Garage keepers insurance in an amount of not less than \$100,000;
- iii. Business Automobile Liability insurance covering all of Franchisee's owned, non-owned, and hired automobiles with a minimum combined single limit of \$2,000,000 per accident for bodily injury and property damage;
- iv. Workers' Compensation and Employer's Liability insurance for all employees that work for the Franchised Business, regardless of whether Franchisee is able to exempt itself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state(s) where the Franchised Business is located, and the Employer's Liability coverage shall have limits of \$1,000,000 each accident for bodily injury by disease; \$1,000,000 each employee for bodily injury by disease; and \$1,000,000 policy limit for bodily injury by disease;
- v. Excess or Umbrella Liability insurance which provides excess coverage over the underlying general liability policy with minimum limits of \$1,000,000 each occurrence and \$1,000,000 general aggregate;

- vi. Cyber Liability insurance in an amount of not less than \$100,000 in coverage.

12.2 Waiver of Subrogation and Additional Insureds. All policies of insurance specified herein shall contain a provision or endorsement whereby the insurers waive any rights of subrogation against the Indemnitees. The insurance policies required by subparts (i), (ii), (iii), (v) and (vi) of Article 12.1, shall name the Indemnitees as additional insureds and such policies shall apply on a primary and non-contributory basis to any insurance maintained by the Indemnitees. If this is a successor agreement, upon execution of this Agreement, Franchisee shall deliver Certificates of Insurance to Franchisor evidencing Franchisee's compliance with the insurance requirements herein. Otherwise, prior to Opening, Franchisee shall deliver Certificates of Insurance to Franchisor evidencing Franchisee's compliance with the insurance requirements herein. An updated Certificate of Insurance shall be provided any time a policy required herein is renewed or a carrier is changed. Franchisee shall provide Franchisor with notice of cancellation of any insurance policy required herein promptly after receiving such notice from its respective insurance carrier(s). Franchisor shall have the option, at any time during the term of this Agreement, to request and examine complete policies of insurance from Franchisee.

12.3 Sufficiency of Insurance Not Guaranteed. Franchisee acknowledges and understands that Franchisor makes no representation or warranty with respect to the adequacy or sufficiency of the insurance required under this Article, and that Franchisee shall have the sole responsibility to determine whether additional insurance or higher limits are appropriate. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection it needs and desires. Franchisor's review and verification of certain elements of Franchisee's insurance do not in any way reduce or eliminate Franchisee's obligations to fully comply with all insurance requirements. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with its insurance providers that its policies are in compliance.

12.4 Franchisor's Right to Obtain Insurance. If Franchisee does not obtain and maintain the insurance coverage required by this Agreement, as revised by the Manual or otherwise in writing, Franchisor may, but shall not be obligated to, procure such insurance. The cost or expense thereof, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon demand.

12.5 Indemnity. Franchisee shall release, defend, indemnify, and hold the Indemnitees harmless from and against any and all fines, damages, legal fees, costs, expenses, and other liabilities suffered or incurred by the Indemnitees by reason of any actual or threatened claim, demand, lawsuit, tax, penalty, investigation, or other proceeding ("**Claim**") (even where Indemnitee's negligence or other wrongful conduct is alleged) arising directly or indirectly from, as a result of, or in connection with (a) any application submitted to Franchisor, (b) the development, construction, operation, condition, use, occupancy, or sale of the Franchised Business, (c) any occurrence at or on the Franchised Businesses' premises, or any other place where the Franchised Business is operated, permanently or temporarily, (d) any environmental matters of any kind pertaining to the Franchised Business, (e) any breach of any terms or provisions of this Agreement by Franchisee, and/or (f) any offering of securities, units, or other ownership interests of Franchisee, including, without limitation, the violation of any federal and/or state securities laws. Notwithstanding the foregoing, Franchisor shall have the right, through counsel of its choice, to control the defense of any matter to the extent Franchisor reasonably determines that such matter may have a significantly adverse effect on any of the Indemnitees. Franchisee's indemnity obligations under this Agreement shall survive the expiration or other

termination of this Agreement and shall be in addition to all other rights and remedies of Franchisor. Franchisee's obligations to indemnify Franchisor under this Article shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of its obligation to maintain insurance relieve Franchisee of liability under this indemnity provision or be construed to be a limitation on the amount of Franchisee's indemnity obligations. The right of the Indemnitees to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on the Indemnitees by statute, ordinance, regulation, or other law; provided, however, that Franchisee shall not be required to indemnify the Indemnitees from any Claim to the extent proven or agreed between the parties to have been caused by the sole or gross negligence or willful misconduct of the Indemnitees.

Article 13. Transfer of Interest or Management.

13.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of this Agreement, or all or any of its rights or obligations herein to any person or legal entity and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of any such assignment.

13.2 Transfer by Franchisee. This Agreement is not transferable by Franchisee except as permitted herein. The rights and duties set forth in this Agreement are personal to Franchisee and are granted in reliance on the individual and collective business skill, financial capacity, and personal character of Franchisee and its owners. Accordingly, none of the following may be transferred by Franchisee without Franchisor's prior written approval, and then only in accordance with the provisions of this Agreement: this Agreement or the license granted hereunder; any part or all of any owner's direct or indirect ownership interest in Franchisee; the Franchised Business; or a substantial portion of the Franchised Business' assets (collectively, the **"Franchised Interests"**). Any purported Transfer by Franchisee, by operation of law or otherwise, which is not permitted hereunder, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate in accordance with Article 14.1.B. without opportunity to cure.

13.3 Transfer from Individual Franchisee to Entity. In the event that Franchisee is an individual and proposes, subsequent to the execution of this Agreement, to transfer this Agreement to a corporation, partnership, or limited liability company formed by Franchisee, Franchisor's consent to such transfer shall be conditioned upon satisfaction of and compliance with Article 7.19 of this Agreement and to the following additional requirements:

A. Franchisee shall be the owner of all of the voting stock, interests, or units of the corporation, partnership, or limited liability company; and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation, partnership, or limited liability company as he or she had in Franchisee prior to the transfer.

B. All transferors shall execute a written agreement personally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor, including payment obligations, from the date of transfer and agreeing to be bound by all the terms and conditions of this Agreement.

13.4 Right of First Refusal. Any transfer of any or all ownership interest, control, or voting rights in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, except for a transfer made under Article 13.3, shall be subject to Franchisor's right of first refusal to such interest or assets. Except in the event of a transfer pursuant to Article 13.3, if Franchisee or any of its owners receive a bona fide offer for the sale of

any or all ownership interest in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, they shall notify Franchisor of the offer. For a period of thirty (30) days after the notice is submitted together with all other information requested by Franchisor, Franchisor shall have the right to exercise a right of first refusal and substitute itself for the proposed transferee in the transaction. If Franchisor declines to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, Franchisee shall promptly notify Franchisor, and Franchisor shall have the further right to exercise its right of first refusal over the revised transaction for an additional period of thirty (30) days. Should Franchisor exercise its right of first refusal, Franchisor shall have not less than an additional sixty (60) days to close the transaction, and Franchisor shall have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction, if such substitution does not materially and adversely affect the tax impact of such proposed transaction on the owners of Franchisee. If Franchisor does not exercise its right of first refusal, Franchisee or the transferring owners may make a transfer on the terms and conditions of the offer considered by Franchisor, if Franchisee and its owners have complied with all of the provisions of this Article.

13.5 Death or Incapacity. Upon Franchisee's death or Incapacity, or, if Franchisee is a corporation, partnership, or limited liability company, upon the death of an owner of a Controlling Interest or upon the determination by Franchisor that the owner of a Controlling Interest is Incapacitated, Franchisee's or such owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must transfer Franchisee's interest in this Agreement or the owner's interest in Franchisee to a third party subject to all of the terms and conditions applicable to transfers contained in this Article 13. Such disposition of this Agreement or the interest in Franchisee of an owner of a Controlling Interest (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 6 months from the date of death or Incapacity. . In the circumstances described herein, a failure to transfer Franchisee's interest in this Agreement or the interest of an owner of a Controlling Interest in Franchisee within this period of time constitutes a breach of this Agreement. Adequate provision must be made, in the sole discretion of Franchisor, for management of the Franchised Business during such period. Franchisee's interest in this Agreement or any owner's interest in Franchisee which is an entity may be transferred to the decedent's spouse, parent, sibling, or direct descendant or to spouse's direct descendant, with Franchisor's consent, which will not be unreasonably withheld if the spouse, parent, sibling, direct descendant or spouse's direct descendant meets Franchisor's criteria for new franchisees.

13.6 Temporary Management in Case of Death or Incapacity. If, upon Franchisee's death or Incapacity, or upon the death or Incapacity of an owner of a Controlling Interest in Franchisee, Franchisee's or the owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must within a reasonable time, not to exceed 30 days from the date of death or declaration of Incapacity, appoint an approved person or entity to operate the Franchised Business. Such an approved person or entity may be appointed only with Franchisor's prior written approval and will be required to complete training at Franchisee's expense. Pending the appointment of an approved person as provided above or if, in Franchisor's judgment, the Franchised Business is not being managed properly at any time after Franchisee's death or declaration of Incapacity or after the death or declaration of Incapacity of an owner of a Controlling Interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a general manager or management company for the Franchised Business. Franchisor may appoint itself or one of its employees, directors, officers, owners or franchisees as general manager or as the management company. All funds from the operation of the Franchised Business during the management by Franchisor's appointed general manager or management company will be kept in a separate account, and all expenses of the Franchised Business, including compensation, other costs, and travel and living expenses incurred by the management

company, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to the Royalty Fee and other fees payable under this Agreement) during the period that Franchisor's appointed general manager or management company manages the Franchised Business. Operation of the Franchised Business during any such period will be on the transferee's behalf, provided that Franchisor only has a duty to utilize commercially reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses or expenses, or obligations incurred by the Franchised Business or to any creditors for any products, materials, supplies, or services the Franchised Business purchases during any period it is managed by Franchisor's appointed general manager or management company. The transferee will remain solely responsible for maintaining the Franchised Business during any period in which Franchisor's appointed general manager or management company is managing the Franchised Business on the transferee's behalf.

13.7 Public and Private Offerings. Securities, units, or other ownership interests in Franchisee may be offered by public or private offering, or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Article 13.2 of this Agreement). If Franchisee requests consent for a public offering Franchisor may grant or withhold its consent in its sole discretion based solely upon what Franchisor deems to be in its best interests. If Franchisee requests consent for a private offering, Franchisor will not unreasonably withhold its consent. All materials required for such offerings as required by federal or state law shall be submitted to Franchisor for review prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of Franchisee or Franchisor securities, and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed public offering, Franchisee shall pay to Franchisor a fee of \$25,000, or such higher amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisor at its discretion may refund any unused portion of such fee. For each private offering of securities, Franchisee shall pay to Franchisor a fee of \$10,000 or such higher amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed private offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least ninety (90) days prior to the date of commencement of any public offering and at least thirty (30) business days prior to the date of commencement of any private offering or other transaction covered by this Article.

13.8 Minority Transfers to Employees. Notwithstanding any provision to the contrary contained in this Article, Franchisee may transfer not more than an aggregate of 25% of its outstanding voting shares, units, or ownership interests of Franchisee, if Franchisee is operating as a corporation, partnership, or limited liability company, to employees or contractors of Franchisee who are actively engaged in the Franchised Business' operations, if such transfers, alone or together with other previous, simultaneous, or proposed transfers, do not have the effect of transferring a Controlling Interest in Franchisee. The ownership of such shares, units, or ownership interests by such employees will be subject to all of the terms and conditions of this Agreement, including, without limitation, Article 11 and Article 13 of this Agreement. Franchisee shall provide Franchisor with written notice of any such proposed transfer and all pertinent information regarding the same not later than 30 days prior to the proposed date of transfer.

13.9 Conditions to Transfers. Unless a term gives Franchisor sole discretion to withhold its consent, Franchisor shall not unreasonably withhold any consent required under

this Article 13; provided that Franchisor shall have the right to require any or all of the following as conditions of its approval of a Transfer:

A. except for a Transfer pursuant to Articles 13.3 and 13.8 each proposed transferee shall be required to submit an application for a new license. Franchisor will process such application in accordance with Franchisor's then-current procedures, criteria, and requirements and other factors Franchisor deems reasonable, including those relating to the applicant's ability to pay fees, upgrading of the Franchised Business' assets, credit, operational abilities and capabilities, prior business dealings,.

B. that each transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, successors, and assigns, including, without limitation, claims arising under this Agreement, and any other agreement between Franchisee or its Affiliates and Franchisor or its Affiliates;

C. that the transferee or its owners shall guarantee, in a form satisfactory to Franchisor, the performance of all obligations of Franchisee from the date of Transfer;

D. if the proposed Transfer by Franchisee would result in a Change in Control of Franchisee, that the transferee shall execute the then-current form of Franchise Agreement being offered to new Franchisees for the full term. The transferee shall execute such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, obligations to pay different fees or amounts of fees.

E. except for a Transfer pursuant to Articles 13.3 and 13.8, Franchisee will pay a transfer fee. The current transfer fee amount is \$2,000, however Franchisor can change the amount of the transfer fee in its discretion. Such fee is in lieu of any application fee or Initial Franchise Fee normally required under a new Franchise Agreement, and is intended to reimburse Franchisor for reasonable fees and expenses it incurs in facilitating the proposed Transfer.

F. that if a proposed Transfer by Franchisee would result in a Change in Control of Franchisee, Franchisee or transferee, at its expense, upgrades the Franchised Business to conform to the then current System standards and specifications within the time specified by Franchisor;

G. that all monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations;

H. that the transferor shall continue to be bound by, and remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the Transfer by Franchisee, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

I. if a proposed Transfer would result in a Change in Control of Franchisee, at Franchisee's expense, the transferee, or, if the transferee is a business entity, at least one of its owners, shall complete to Franchisor's satisfaction all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require, including the payment of a fee for attendance at such training programs. The transferee shall be responsible for the salary and all expenses of the person or people who attend(s) training;

If the proposed Transfer is not approved by Franchisor and Franchisee proceeds to transfer the Franchised Business, the Location or securities, units, or other ownership interests in Franchisee to any proposed new owner, then this Agreement shall terminate pursuant to Article 14.1.B. hereof and Franchisor will be entitled to all of its remedies.

13.10 No Waiver of Claims. Franchisor's consent to a Transfer by Franchisee of any interest in the license granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

Article 14. Default and Termination.

14.1 This Agreement may not be terminated prior to the expiration of its term except as provided in this Article. Termination of this Agreement shall not relieve Franchisee of any unfulfilled obligations to Franchisor created hereunder unless it is so agreed by Franchisor in writing. This Agreement may be terminated as follows:

A. Upon the mutual agreement of the parties in writing.

B. At Franchisor's option, effective immediately upon the giving of written notice to Franchisee, if Franchisee (i) fails to establish the Franchised Business consistent with Franchisor's standards as set out in the Manual and/or fails to commence operations within the time established under Article 5 of this Agreement; (ii) ceases to operate the Franchised Business or otherwise abandons the business, or indicates an intent to abandon, or forfeits the legal right to do business in any of the jurisdiction(s) where the Protected Territory exists; (iii) is convicted of a felony or other crime involving moral turpitude, consumer fraud, or a crime or offense Franchisor believes is likely to have an adverse effect on Franchisee's ability to carry out the duties imposed by this Agreement or to have an adverse effect on the System and the goodwill associated therewith; (iv) transfers (including transfers following death or Incapacity) any rights or obligations in violation of the terms of Article 13 of this Agreement; (v) misuses or discloses confidential information in violation of Article 11 of this Agreement; (vi) knowingly makes any false statements in any report or document submitted to Franchisor; (vii) submits more than two written reports or statements of Gross non-PDR Revenue, Gross PDR Sales and/or Net PDR Sales, which under-report Gross non-PDR Revenue, Gross PDR Sales or Net PDR Sales for any reporting period by 2% or more; (viii) suffers a final judgment that remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or has an execution levied against Franchisee's business or property, or a suit filed to foreclose any lien or mortgage against the premises or equipment which is not dismissed within thirty (30) days; (ix) receives three (3) or more notices of default during any 24-month period during the term of this Agreement, regardless of whether the notices are for the same, or different, defaults, and regardless of whether the defaults are cured; (x) fails to maintain any licenses or certifications required for Franchisee to offer or perform the Services, or offer or sell the Products, in compliance with the applicable law or regulation(s) of any jurisdiction within the Protected Territory; (xi) becomes insolvent or has a receiver appointed to take possession of Franchisee's business or property or any part thereof or makes a general assignment for benefit of creditors; (xii) engages in public conduct that reflects materially and unfavorably upon the operation of the System, the reputation of the System, or the goodwill associated with the Proprietary Marks; provided that engaging in legitimate political activity (including testifying, lobbying, or otherwise attempting to influence legislation) shall not be grounds for termination; (xiii) is in default under any other franchise agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or, if such default is curable, has not been cured within the applicable cure period; (xiv) commits multiple defaults during any six (6) month period as described in subsection D. of this Article 14.1; (xv) Franchisee, or its owners,

commit a violation of the Anti-Terrorism Laws or if there is any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws; or (xvi) any Affiliate of Franchisee defaults under any franchise agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or if such default is curable, has not cured such default within the applicable cure period.

C. At Franchisor's option, without notice, in the event Franchisee shall become bankrupt or become subject to a proceeding under any chapter of the United States Bankruptcy Code, unless Franchisee shall: (i) timely undertake to reaffirm the obligations under the Agreement, (ii) timely comply with all conditions as legally may be imposed by Franchisor upon such an undertaking to reaffirm the Agreement, and (iii) timely comply with such other conditions and provide such assurance as may be legally required in or under relevant provisions of the United States Bankruptcy Code; provided, however, that the parties acknowledge that this Agreement constitutes a personal services contract made in reliance on the qualifications and personal characteristics of Franchisee and its directors, officers, managers, shareholders, members, or partners, as the case may be, and in the expectation of a material degree of personal involvement in the management and operation of the Franchised Business, and consequently, the parties agree that any attempt by any other party, including a trustee in bankruptcy or any other third party, to assume or accept a transfer or assignment of this Agreement shall be void, and that in no event shall this Agreement or any rights or duties of Franchisee hereunder, be transferred to any individual or entity who does not comply with all requirements for transfer specified in this Agreement.

D. At the election of Franchisor, effective upon the expiration of thirty (30) days after giving of written notice (ten (10) days in the case of non-payment), in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the thirty (30) day (or ten (10) day) notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or obligation to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual, or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any 6-month period, and any subsequent occurrence of the same or substantially similar default within such 6-month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.

14.2 Forbearance is Not Waiver. No forbearance of Franchisor from asserting any default or giving any permitted notice of termination shall constitute a waiver of such default or right to terminate or an estoppel against such right as to any continuing default or subsequent occurrence of a default, whether similar or dissimilar in nature to the prior default. The rights of Franchisor to terminate this Agreement are in addition to, and not in lieu of, other remedies available at law or equity for defaults by Franchisee in the payment and performance of its obligations hereunder.

14.3 Purchase Option. Upon termination or expiration of this Agreement for any reason after Opening, Franchisor will have the option, exercisable by giving written notice to Franchisee before termination or expiration, or within thirty (30) days after the effective date of termination or expiration, to purchase the Franchised Business and assume any or all of Franchisee's agreements relating to the Franchised Business. Assets of the Franchised Business will include without limitation, site agreements, leasehold improvements, FF&E, tools, signs, inventory and assignable licenses. Franchisor will have the right to assign this option. Franchisor or its assignee will be entitled to all customary warranties, representations and pro rations in

connection with its purchase. Franchisee shall cooperate with Franchisor in obtaining any necessary lessor, or other, consents. In addition:

(i) Once Franchisor gives notice that it will purchase the assets of the Franchised Business, it shall have the right to immediately take over the operation of the Franchised Business. From the date Franchisor takes over the Franchised Business to the date of closing on the purchase of such assets, Franchisor shall be entitled to use revenues of the Franchised Business to operate the Franchised Business and to retain as its management fee 5% of the balance of such gross sales.

(ii) The purchase price for the assets of the Franchised Business shall be determined as follows: each party shall appoint one appraiser within fifteen (15) days of Franchisor's notice, and each of the two appraisers shall independently of the other determine the purchase price. If the higher of the two prices does not exceed the lower by more than 10% of the lower price, the purchase price shall be 105% of the lower purchase price. If the higher of the two prices exceeds the lower by more than 10% of the lower price, the two appraisers shall select a third appraiser, who shall determine the purchase price. Each appraiser shall determine the purchase price within thirty (30) days of his or her appointment. All the appraisers must be members of the Appraisal Institute. If the purchase price is not acceptable to Franchisor, it may withdraw its offer to purchase by written notice to Franchisee. Franchisor shall have ten (10) days from the determination of the final purchase price, to determine whether to purchase the Franchised Business assets.

(iii) The purchase price shall be paid in cash at the closing of the purchase, by means of check, wire transfer or electronic funds transfer, which shall take place no later than ninety (90) days after Franchisee's receipt of notice of Franchisor's exercise of the option to purchase, at which time Franchisee must deliver instruments transferring to Franchisor or its assignee: (1) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (2) all licenses to the Franchised Business and/or permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale shall be accomplished through an escrow. Franchisor will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, the amount of any encumbrances or liens against the assets, and any liability of Franchisee assumed or paid for by Franchisor.

14.4 Temporary Restrictions on Benefits Due to Default. If Franchisee's default is such that, in Franchisor's sole judgment, the Franchised Business does not fairly represent the quality and standards of the System, Franchisor may, temporarily in lieu of termination: limit Franchisee's access to Corporate Technicians; make Franchisee ineligible to receive referral fees that Franchisee would otherwise be entitled to under this Agreement; increase the number of Shop Visits Franchisee is required to make to satisfy its Marketing Visit Obligation; remove the Franchised Business from marketing and registration channels generally available to all System Businesses such as the Websites, any project management system national accounts marketing and other such channels then in use; perform PDR Repairs in the Protected Territory, or permit others, including other franchisees, to perform PDR Repairs in the Protected Territory without being obligated to provide any compensation or remuneration to Franchisee; and/or require Franchisee to suspend its operations in some, or all, of the Protected Territory. Because fees charged by Franchisor for access to such marketing and registration channels are generally set to cover the cost of the channels and charged on a pro rata basis,

Franchisee shall continue to pay such fees, so that Franchisee's default does not negatively impact other franchised System Businesses. Franchisor's removal of the Franchised Business from generally available marketing and reservation channels will not constitute a waiver of Franchisor's right to terminate this Agreement due to the underlying default.

14.5 Temporary Management by Franchisor. In the event of any default under this Agreement, in order to prevent any interruption of the Franchised Business, which Franchisee agrees would cause harm to the Franchised Business and the System, Franchisee authorizes Franchisor or its agents and/or Affiliates to operate the Franchised Business for so long as Franchisor deems necessary and practical in its sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor and its agents, in an amount equal to ten percent (10%) of Franchisee's Gross Revenue, will be charged to this separate account. Nothing in this Article is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Article may be exercised or not exercised in Franchisor's sole and absolute discretion.

Article 15. Obligations Upon Termination.

15.1 Upon expiration or termination of this Agreement for any reason or a Transfer by Franchisee that results in Franchisee transferring all of its ownership interest in the Franchised Business and/or this Agreement for any reason:

- A. All rights granted hereunder to Franchisee shall terminate;
- B. Franchisee shall immediately and permanently cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a Franchisee of Franchisor;
- C. Franchisee shall immediately and permanently discontinue the use of all Proprietary Marks, all similar names and marks, or any other designation or mark indicating or tending to indicate that Franchisee is or was a Franchisee of Franchisor. Franchisee shall promptly amend or terminate any filings or registrations with any governmental authorities containing or pertaining to the use of Franchisor's name and Proprietary Marks. Franchisee shall not promote or advertise the fact that it was formerly a Franchisee of Franchisor;
- D. Franchisee shall surrender and transfer to Franchisor or its designee any and all rights to use the telephone numbers, other business listings, and social media accounts and all other accounts and pages in any form of Online Presence used by Franchisee for the Franchised Business. Franchisee agrees to cooperate and execute any and all documents required to affect transfer of the telephone numbers, Online Presence and other business listings from Franchisee to Franchisor or its designee.
- E. Franchisee shall immediately turn over to Franchisor all materials, including, without limitation, the Manual (in whatever form Franchisee may have) and all other manuals, all customer, body shop, insurance and supplier lists, marketing materials, instructions, any Online Presence references and brochures, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law;

F. Franchisee shall immediately and permanently discontinue all advertising as a Franchisee of Franchisor, including but not limited to removal of all signs and other identifying marks and colors, and shall destroy or surrender to Franchisor any letterheads, forms, printed matter, and advertising containing the Proprietary Marks and any similar or related names marks or designations tending to indicate that Franchisee is or was an authorized Franchisee of Franchisor;

G. Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the Franchised Business so clearly from its former appearance and from other System Businesses as to prevent any possibility of confusion therewith by the public, and to prevent the operation of any business by Franchisee or others in derogation of this Article (including, without limitation, removal of all distinctive physical and structural features identifying the Franchised Business as being in the System including, without limitation, removal of all signs and emblems, and changing of telephone numbers and other directory listings). Franchisee shall, at Franchisee's expense, immediately make such specific additional changes as Franchisor may reasonably request for this purpose. Franchisee agrees that for ninety (90) days following termination or expiration or transfer of all of its ownership interests, Franchisee hereby grants Franchisor an irrevocable license and permit to make such alterations where needed to ensure Franchisee's compliance with this Article 15.1, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others. Franchisee acknowledges that such actions by Franchisor are authorized and permitted and shall not be deemed a violation of any civil or criminal law or any basis for an action under such laws by Franchisee or others. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an *ex parte* order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order;

H. Franchisee shall immediately and permanently cease using the System, including, but not limited to the Manual, any other operating or training manuals or aids, intranet, advertising and promotional materials, and all Trade Secrets and other confidential material delivered to Franchisee pursuant to this Agreement;

I. Within ten (10) days following termination or expiration or transfer of all of its ownership interests, Franchisee shall provide Franchisor with an inventory of all items used in, related to, owned or leased by the Franchised Business. Franchisor shall have the right, at its sole option, for a period of sixty (60) days following receipt of such inventory list, to purchase at fair market value all usable materials owned by Franchisee bearing the Proprietary Marks, and/or to purchase Franchisee's supplies, tools, FF&E and signage at their fair market value. Franchisee shall not during such sixty (60) day period remove, destroy, transfer, assign, hypothecate, pledge, or otherwise encumber such supplies, tools, FF&E or signs;

J. Franchisee shall within ten (10) days from termination or expiration or transfer of all of its ownership interests pay all sums owing to Franchisor and its Affiliates. In the event of termination for any default of Franchisee, such sums shall include payment of all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property (including, without limitation, signage, tools, FF&E, and supplies) owned and used by Franchisee in connection with the Franchised Business at the time of default;

K. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

L. In order to prevent any interruption of the Franchised Business, which Franchisee agrees would cause harm to the Franchised Business and the System, if Franchisee is unable to operate the business for any reason whatsoever, Franchisee authorizes Franchisor or its agents and Affiliates to operate the Franchised Business for so long as Franchisor deems necessary and practical in its sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor and its agents, in an amount equal to ten percent (10%) of Franchisee's Gross Revenue, will be charged to this separate account. Nothing in this Article is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Article may be exercised or not exercised in Franchisor's sole and absolute discretion.

15.2 Liquidated Damages. The parties recognize the difficulty of ascertaining Franchisor's damages resulting from premature termination of this Agreement and have provided for Liquidated Damages, which Liquidated Damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided and which are the only damages for the premature termination of this Agreement. They are not a penalty, or a payment for damages for breaching this Agreement or a payment in lieu of any other payment due to Franchisor under this Agreement. Accordingly, if this Agreement is terminated pursuant to Articles 14.1.B, 14.1.C or 14.1.D, or by Franchisee without cause, Franchisee shall pay to Franchisor within ten (10) days of termination a lump sum payment (as Liquidated Damages and not as a penalty or a payment in lieu of any other payments required under this Agreement) equal to the total of all amounts required under Article 4 of this Agreement (including Initial Franchise Fees, Royalty Fees, Administrative Fees, and Technology Fees) for the twenty-four (24) calendar months of operation of the Franchised Business under the System immediately preceding Franchisee's default, or if there have not been twenty-four (24) full calendar months of actual operation under the System, then for the period of time the Franchised Business has been in actual operation under the System projected over a twenty-four (24) calendar months basis.

15.3 Obligation to Preserve Records. Termination of this Agreement shall not relieve Franchisee of the obligations under Article 10 hereof to maintain and preserve financial and other records and to make them available for inspection and audit by Franchisor.

15.4 Survival of Certain Provisions. All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of the term of this Agreement, including, without limitation, those set forth in Articles 11, 14 and 15 of this Agreement shall survive such termination or expiration.

Article 16. Additional Covenants.

16.1 Responsibility for Operation of Franchised Business. Franchisee agrees and acknowledges that, prior to executing this Agreement, Franchisee has made such investigation of Franchisor and the System as Franchisee deems necessary, that Franchisee understands that the results of operations of the Franchised Business are dependent upon the efforts and management of Franchisee, and Franchisee hereby assumes full responsibility for such operations and Franchisor has not and does not guarantee that Franchisee or the Franchised Business will achieve any certain level of performance, revenue or income.

16.2 No Fiduciary Relationship. It is understood and agreed by all parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or on Franchisor's behalf, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against Franchisor. Franchisee agrees that Franchisor is not in a position to, and does not undertake to, exercise control over the employment, supervision, or discharge of the Franchised Business' employees and except as is necessary to protect the quality of the System and of the Products sold by, and Services rendered by, the Franchised Business or customer safety and health. Other matters arising out of or affecting the Franchised Business' operations are within the responsibility of Franchisee as a qualified independent business operator.

16.3 Method and Application of Payments. All payments to Franchisor hereunder shall be made payable to Dentsmart LLC and, except as provided in the next sentence, shall be tendered to Franchisor in person at the address set forth in Article 18 below, or by making such payment by mail, postage prepaid, to that address. At Franchisor's option, Franchisee shall make payments to Franchisor hereunder by wire transfer, electronic funds transfer, or such other payment method as directed by Franchisor, to an account or accounts specified by Franchisor. All payments received by Franchisor from Franchisee shall be applied to the oldest obligation, regardless of any contrary designation by Franchisee. Franchisee agrees that Franchisee will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any Royalty Fees, Administrative Fees, Technology Fees, amounts due to Franchisor for purchases by Franchisee, or any other amounts due Franchisor.

16.4 Economic Sanctions and Anti-Terrorism Laws. Franchisee and its owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. Franchisee represents and warrants that neither it nor any of its direct or indirect owners, directors, officers, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Location and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). Franchisee and its owners may not engage in any activity that would expose Franchisor to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement without notice or opportunity to cure.

Article 17. Approvals and Waivers.

17.1 Requests for Approval. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor. Such approval or consent may be only given in writing. Except as otherwise expressly provided herein, Franchisor may withhold any consent or approval herein at its discretion.

17.2 **Franchisor's Discretion.** Franchisor shall have no liability for withholding any consent or approval or for any delay or inaction in connection therewith, and the granting of any approval or consent shall not imply or constitute any representation, warranty, guaranty, or endorsement of the matter approved or consented to or an assumption of any liability in connection therewith.

17.3 **No Waiver.** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or any other franchisee, of any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any obligations due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

Article 18. Notices.

Unless otherwise specifically stated elsewhere in this Agreement, any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, postage prepaid, return receipt requested, or sent via a nationally recognized overnight delivery service, or sent by email (with delivery confirmation requested) to the respective parties at the following addresses or email unless and until a different address or email address has been designated by written notice to the other party:

NOTICES TO
Franchisor:

DENTSMART LLC
1333 El Camino Drive
Pekin, IL 61554
ATTN: Nate Webb
EMAIL: nwebb@denstmart.com

WITH A COPY TO:

10 S. Broadway
Suite 2000
St. Louis, MO 63102
ATTN: PAUL WOODY
EMAIL: pwoody@ubglaw.com

NOTICES TO
FRANCHISEE:

ATTN: _____
EMAIL: _____

Any notice shall be deemed to have been given at the earlier of actual receipt or three business days after mailing by certified or registered mail, or one business day after sending by email or overnight delivery service.

Article 19. Dispute Resolution.

19.1 First Meeting of Executives. The parties shall attempt in good faith to resolve any unsettled claims, disputes, or controversies between Franchisor and Franchisee, and other matters arising between them relating to this Agreement, any other agreement between them, the dealings or relationship between them, or Franchisee's development or operation of the Franchised Business (each a "**Dispute**") promptly by negotiation between executives who have the authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for the administration of this Agreement if such party has a person in a higher level of management than the person with direct responsibility for the administration of this Agreement. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the one executive who will represent that party in the meeting. This meeting shall be limited to one executive/management person for each party and shall be held in person unless the parties mutually agree otherwise. Within 30 days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place. The following terms shall also apply to the negotiation:

A. Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of the first meeting of executives described above ("**First Meeting**"). Such closure shall not preclude continuing or later negotiations if the parties mutually desire.

B. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in a proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

C. At no time prior to the First Meeting shall either side initiate litigation related to this Agreement except to pursue a provisional remedy that is referenced in Section 19.3 of this Agreement, or authorized by law or by agreement of the parties. However, this limitation is inapplicable to a party if the other party refuses to comply with the requirements of this Article 19.1.

D. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Article 19.1 and 19.2 are pending and for 15 calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling.

E. If the matter is not resolved by negotiation pursuant to this Article 19.1, then the matter shall proceed to mediation as set forth in Article 19.2.

19.2 Mediation. In the event of a Dispute that remains unresolved after the First Meeting, either party may initiate a mediation process by notifying the other party in writing. The parties agree to conduct the mediation in accordance with the then current Commercial Mediation Procedures of the American Arbitration Association, except to the extent that those rules conflict with this Agreement, in which case this Agreement shall control. However, the mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within thirty days of the receipt of the written notice of mediation. If the parties cannot agree upon

the selection of a mediator, either party may commence a mediation proceeding by making a request to the AAA, with a copy to the other party. The written request for mediation shall describe with specificity the nature of the dispute and the relief sought. Both parties are required to engage in the mediation in good faith. In addition the following terms apply to the mediation:

A. The mediation process shall begin promptly, but in no event later than thirty (30) days after cessation of negotiations between the parties as set forth in Article 19.1, and shall be concluded within thirty (30) days of the day the request for mediation is made, unless the parties mutually agree otherwise.

B. Mediation shall be private, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The fees and expenses of the AAA (or other administrator) and the mediator shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters. At least seven days before the first scheduled session of the mediation, each party shall deliver to the mediator a concise written summary of its position with respect to the matters in dispute (such as claims or defenses) and such other matters required by the mediator.

C. Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements, positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation.

D. All mediation proceedings shall take place where Franchisor maintains its principal place of business at the time of the mediation.

E. Mediation shall be a condition precedent to either party's commencement or pursuit of any action which may be the subject of the Dispute, with the exception of those Disputes set forth in paragraph 19.3.

19.3 Temporary Restraining Orders and Injunctive Relief. Notwithstanding anything to the contrary contained in this Article, Franchisee and Franchisor each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

A. Any Dispute involving actual or threatened disclosure or misuse of the contents of the Manual or any other confidential information or Trade Secrets of Franchisor;

B. Any Dispute involving the ownership, validity, use of, or right to use or license the Proprietary Marks;

C. Any action by Franchisor to enforce the covenants set forth in Article 11 and Article 13 of this Agreement; and

D. Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business. The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.4 Litigation. The parties acknowledge that Franchisor operates, or intends to operate, a nationwide franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records, and business personnel of Franchisor are currently located, for the most part, in Pekin, Illinois where Franchisor is located, and in order to minimize disruption or interference with operation of the franchise system as a whole, the parties agree as follows:

A. Any and all court proceedings arising from or relating in any manner to any Dispute between Franchisor and Franchisee, shall be brought in, and only in, a state court of general jurisdiction sitting in the county and state, or in the United States District Court for the District in St. Clair County, Illinois or if Franchisor's principal place of business is no longer in the state of Illinois, wherever Franchisor has its principal place of business at the time any such action is instituted, and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction or venue of such court. No individual shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law.

B. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS PROVISION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

C. NO PUNITIVE OR EXEMPLARY DAMAGES SHALL BE AWARDED AGAINST EITHER FRANCHISOR OR FRANCHISEE OR ANY AFFILIATES OF EITHER OF THEM, IN ANY PROCEEDING, AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

19.5 Statute of Limitations. Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless the proceeding is brought before the expiration of the earlier of (i) one year after the date of discovery of the facts resulting in such alleged liability or obligation; or (ii) two years after the date of the first act or omission giving rise to such alleged liability or obligation. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (i) or (ii) above.

19.6 Franchisor's Business Judgment. The parties hereto recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its discretion based on its assessment of the overall best interest of the System and/or franchise program. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

19.7 Legal Fees. If Franchisor incurs any legal fees or costs or other expenses in seeking enforcement of or defending this Agreement, or as a result of claims arising out of or related to any Dispute (except those fees and costs in connection with the First Meeting and Mediation as identified in paragraph 19.1 and 19.2), then Franchisor shall recover from Franchisee the amount of all legal fees, costs and expenses, including attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding.

19.8 No Class Action. Any disagreement between Franchisee and Franchisor (and Franchisor's Affiliates) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed against Franchisor (and Franchisor's Affiliates, stockholders, members, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

Article 20. Construction and Modification.

20.1 Entire Agreement and Amendment. Franchisor and Franchisee each acknowledge and warrant to each other that they wish to have all terms of their business relationship defined in this written Agreement. Neither Franchisor nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree that this Agreement, together with any other documents or agreement executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as presentations, inducements, promises, agreements, or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on his or her behalf, which might be taken to constitute agreements, representations, inducements, promises, or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Franchisee each agree that they have placed, and will place, no reliance on any such discussions, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights, and obligations of the parties with respect to any aspect of the relationship between the parties. No future franchise license rights or offer of franchise license rights have been promised to Franchisee and no such franchise license rights or offer of franchise license rights shall come into existence, except by means of a separate writing, executed by an officer of Franchisor or such other entity granting the Franchise Agreement and specifically identified as a modification of this Agreement. No change, modification, amendment or waiver of any of the provisions hereof, including by custom or usage of trade or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto, and signed by the party to be charged.

20.2 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between Franchisor and Franchisee will be interpreted and construed in accordance with the substantive laws of the State of Illinois, without giving effect to its conflicts of law provisions, provided that nothing in this Article is intended by the parties to subject this Agreement to any franchise of similar law, rule or regulation of such state to which this Agreement would not otherwise be subject. If applicable law provides Franchisee with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination,

renewal, transfers or otherwise, Franchisor will comply with the requirements of such laws to the extent they exceed Franchisor's obligations under this Agreement.

20.3 Survival. Should any one or more parts of this Agreement be declared invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portions of the Agreement, which shall remain in full force and effect as if the Agreement had been executed without such invalid parts, except to the extent the absence of the provisions invalidated would frustrate or make it impossible to achieve the purposes for which the Agreement was made. Should the requirements of any applicable law or regulation change or modify the terms of this Agreement or conflict with its provisions, such change or modification shall not be applicable to this Agreement unless such change is lawfully mandated by the authority making the same, in which case only the provisions affected by such law or regulation shall be affected, and the Agreement shall otherwise remain in full force and effect, as modified to be consistent with such law or regulation.

20.4 Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein shall create any right to rely upon the terms hereof in favor of any third party nor confer any right or remedy upon any third party.

20.5 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

20.6 Gender. All terms and words used in this Agreement, regardless of numbers and genders in which they are used, shall be deemed to include singular or plural and all genders as the context or sense of this Agreement or any paragraph or clause herein may require.

20.7 Joint and Several. All acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

20.8 Time is of the Essence. Time is of the essence of this Agreement and all provisions hereof shall be so interpreted. Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive such termination or expiration.

20.9 Remedies Not Exclusive. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

Article 21. Execution of Agreement.

21.1 Multiple Counterparts. This Agreement may be executed in counterparts, which together shall constitute one agreement of the parties.

21.2 Timely Receipt and No Inconsistent Warranties or Representations. By signing this Agreement, Franchisee acknowledges that it has received a complete copy of this Agreement, with any Exhibits referred to herein attached, at least seven (7) calendar days prior to the date on which this Agreement was executed, and further acknowledges that it has received Franchisor's franchise disclosure document at least fourteen (14) calendar days prior to the date

on which this Agreement was executed or any money paid, or by such earlier date as may be required by state law. Franchisee further acknowledges that no agent or employee of Franchisor is authorized to make any representation or warranty inconsistent with or in addition to the terms of this Agreement. By signing this Agreement, Franchisee represents and warrants to Franchisor that no such representation or warranty, including specifically any representation as to the potential success or profitability of the Franchised Business, has been made or relied upon.

[Remainder of page intentionally left blank. Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

“Franchisor”

Dentsmart LLC

An Illinois limited liability company

“Franchisee”

[FRANCHISEE],

A _____

BY: _____
ITS: _____
DATE: _____

BY: _____
ITS: _____
DATE: _____

OWNERS' ACKNOWLEDGEMENT

Each following party is an owner of Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an owner of Franchisee mentioned in this Agreement, including rights and obligations relating to confidentiality, competition, and transfers.

sign here if the owner is an entity

By: _____

Name: _____

Its: _____

Percentage Ownership:_____

sign here if the owner is an individual

Print name: _____

Percentage Ownership:_____

sign here if the owner is an entity

By: _____

Name: _____

Its: _____

Percentage Ownership:_____

sign here if the owner is an individual

Print name: _____

Percentage Ownership:_____

sign here if the owner is an entity

By: _____

Name: _____

Its: _____

Percentage Ownership:_____

sign here if the owner is an individual

Print name: _____

Percentage Ownership:_____

OWNER'S GUARANTY

In consideration of, and as an inducement to Dentsmart LLC ("**Franchisor**"), to enter into the foregoing Franchise Agreement with _____ ("**Franchisee**") dated _____ ("**Franchise Agreement**"), the undersigned of this Owner's Guaranty (the "Guaranty") individually and, if more than one guarantor, jointly and severally, guarantees the punctual payment and performance of all obligations of Franchisee under the Franchise Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Franchise Agreement ("**Franchise Documents**"). This shall be an unconditional, irrevocable, and continuing guaranty for the entire term of this Guaranty and the Franchise Agreement.

The undersigned agree that they are willing to remain fully bound by this Guaranty notwithstanding any action or inaction of Franchisor and Franchisee in connection with the Franchise Agreement, and that their obligation shall not be modified, waived, or released by any modification, amendment, or departure from the terms of the Franchise Agreement, or by any forbearance, extension of time, waiver, or release granted by Franchisor to Franchisee or any guarantor or with respect to any security held by Franchisor.

The undersigned waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (iv) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) any and all other notices (including, without limitation, notice of amendment or modification of the Franchise Agreement, notice of default or termination, and any other notices required by the Franchise Agreement) and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- (i) the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- (ii) the undersigned will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (iii) this Guaranty will apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

- (iv) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (v) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied; and
- (vi) the undersigned will pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms not otherwise defined herein when used herein will have the meaning ascribed to them in the Franchise Agreement.

This Owner's Guaranty will be governed, construed and interpreted in accordance with the substantive laws of the State of Illinois, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the _____ day of _____, 20 ____.

WITNESS(ES):

GUARANTOR(S):

Print or Type Name

Print or Type Name

Signature

Signature

Print or Type Name

Print or Type Name

Signature

Signature

EXHIBIT A
DENTSMART LLC
FRANCHISE AGREEMENT

Approved Location

Street Address: _____
City: _____ State: _____ Zip Code: _____

EXHIBIT B
DENTSMART LLC
FRANCHISE AGREEMENT

Owners of Franchisee

<u>NAME OF OWNER</u>	<u>VOTING RIGHTS IN FRANCHISEE</u>	<u>BENEFICIAL INTEREST IN FRANCHISEE</u>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<u>TOTAL</u>	<u>100%</u>	<u>100%</u>

EXHIBIT C
DENTSMART LLC
FRANCHISE AGREEMENT

Description of Protected Territory: _____

Protected Territory Map

[Insert Map Here]

EXHIBIT D
DENTSMART LLC
FRANCHISE AGREEMENT
DIRECT DEBIT AUTHORIZATION AGREEMENT

_____(Name of Person or Legal
Entity)
_____(ID
Number)

The undersigned depositor ("**Depositor**") ("**Franchisee**") hereby authorizes Dentsmart LLC ("**Franchisor**") or any of its affiliates to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

_____ Depository	_____ Branch
_____ City	_____ State
	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

_____ Depositor	_____ Depository
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT E

DENTSMART LLC

CONFIDENTIALITY AGREEMENT

(FOR EMPLOYEES OF FRANCHISEE)

1. Pursuant to a Franchise Agreement dated _____, 20____(the “Franchise Agreement”), _____ (“Franchisee”) has acquired the right and franchise from DENTSMART LLC (the “Company”) to establish and operate a Dentsmart business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only in the following territory:
_____(the “Protected Territory”).

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Dentsmart businesses. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (collectively “Confidential Information”). Confidential Information shall also expressly include all client personal information that I obtain or have access to during my employment.

3. In consideration for my employment with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the “Agreement”).

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. As an employee of Franchisee, the Company and Franchisee may disclose the Confidential Information to me via training programs, disclosure of content in the Company’s Confidential Operations Manual (the “Manual”), customer intake forms, other interactions relating to or occurring because of my employment, and general assistance during the term of my employment with Franchisee.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business during the term of my employment with Franchisee and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me during my employment with Franchisee and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered “works made for hire” and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise expressly agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement, a breach of the employees or associates of Franchisee, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause the Company and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Franchisee is my employer and I have no employment relationship with the Company.

13. Subject to the rights of Franchisee and the Company in Article 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association (“AAA”), unless otherwise required by law,

for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law. It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the state of employment. Any such arbitration will be conducted in the county and state of employment.

14. In the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the county and state of employment, and hereby agree to the personal jurisdiction and venue of such court.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's owners, officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Dated:_____

Signature:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

EXHIBIT F

COVENANT AGREEMENT

THIS COVENANT AGREEMENT (this "Agreement") is entered into as of the ____ day of _____, 20____, by and among DENTSMART LLC ("Franchisor") and _____, _____, and _____ (whether one or more "Covenantors").

WITNESSETH:

WHEREAS, Covenantors have agreed to enter into this Agreement to induce Franchisor to enter into that certain Franchise Agreement ("Franchise Agreement") dated _____, 20____, between Franchisor and _____ ("Franchisee"); and

WHEREAS, Covenantors and their Affiliates have entered into, or may in the future enter into other franchise agreements with Franchisor ("Other Agreements");

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Covenantors covenant and agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the same meaning as defined in the Franchise Agreement.
2. The Covenantors shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity:
 - a. During the term of the Franchise Agreement, the Other Agreements and thereafter, except as otherwise approved in writing by Franchisor, copy or disclose to any person other than Franchisee's employees (and then only to employees who have a need to know) (i) any Trade Secrets, (ii) any knowledge, information or know-how concerning the System, or (iii) all or any portion of the Manual or any other confidential materials, including without limitation, the design of Dentsmart Businesses, methods of operation and service at Dentsmart Businesses, knowledge of sales and profit performance at any one or more Dentsmart Businesses, the System's advertising and promotional programs, advertising, promotion and marketing techniques, the selection and training of the Franchised Business' managers and, in general, methods, techniques, formulas, formats, specifications, procedures, information systems and knowledge used in the operation and licensing of Dentsmart Businesses, or other materials deemed confidential by Franchisor. Covenantors shall at all times treat the Trade Secrets and Manual and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential and shall use the same only in the operation of the Franchised Business. The Trade Secrets and Manual shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of this Agreement. Any and all information, knowledge, know-how, and other data, that Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Covenantors can demonstrate came to their attention prior to disclosure thereof by Franchisor; or which, at or after the

time of disclosure by Franchisor to Covenantors, had become a part of the public domain, through publication or communication by others.

- b. During the term of the Franchise Agreement or any Other Agreement, compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competitive Business, and, for a period of two (2) years after any transfer, expiration or termination of any Franchise Agreement or any Other Agreement for any reason, Covenantors shall not compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competitive Business that is operating in territory in which any Dentsmart System Business is then operating. For purpose of this Article 2, the term "Competitive Business" means any company (except a Dentsmart Business) that offers any PDR services, auto body repair or auto paint repair; provided, however, that passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article.
- c. During the term of the Franchise Agreement or any Other Agreement, employ or seek to employ any person who is or was within the immediate past six (6) months employed in a management capacity by Franchisor, any other Dentsmart Business (except for Dentsmart Businesses who are Affiliates of any Covenantor), or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past six (6) months employed by Franchisee or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Article 2.c shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to two (2) times the annual salary of the employee involved, plus all costs and attorneys' fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Franchisee in the System shall be a third party beneficiary of the provisions of this Article 2.c, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Article 2.c for the benefit of any current or future franchisee in the System.

3. In the event any provision of this Agreement is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, the Covenantors agree that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Covenantors agree that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Agreement and agrees to enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

4. The Covenantors agree that the existence of any claim that any of them may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of this Agreement or the covenants contained in Article 11 of the Franchise Agreement. In the event that Covenantors commence any action against Franchisor arising out of or related to this Agreement, or the dealings or relationship of the parties hereunder or otherwise, such action shall be brought only in any state court of general jurisdiction sitting in the county and state, or in the United States District Court for the district, in which Franchisor has its principal place of business at the time

any such action is instituted. Covenantors consent to the exercise of jurisdiction by such courts over any claims or counterclaims against Covenantors. In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Covenantors hereunder, or to defend against any claim, demand, action or proceeding by reason of Covenantors' failure to perform or observe any obligation imposed upon Covenantors by this Agreement, then Franchisor shall be entitled to recover from Covenantors the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Covenantors hereunder or thereafter or otherwise.

5. This Agreement and the documents provided for herein contain the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, agreements, and understandings with respect thereto, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement may only be amended by a written document duly executed by all parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to the rules governing conflicts of law. This Agreement shall inure to the benefit of and shall be binding upon the respective successors, heirs, administrators, executors, personal representatives, trustees, and assigns of the parties hereto. This Agreement may be executed in multiple counterparts, each considered an original, but all of which shall constitute but one Agreement. Capitalized terms used herein but not defined shall have the meaning set forth in the Franchise Agreement between Franchisor and Franchisee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

"Franchisor"

"Recipient" (each in their individual capacity)

DENTSMART LLC

An Illinois limited liability company

BY: _____
ITS: _____

NAME: _____

NAME: _____

NAME: _____

EXHIBIT G
STATE ADDENDUM

(Sign, date and return to us)

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EXHIBIT E

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

**MULTI-STATE AMENDMENT
TO FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where none of the jurisdictional requirements of any state law adopting the SOP are met does not subject the parties to the provisions of the SOP, as set forth in this Amendment, or otherwise. If the law of a jurisdiction that has adopted the SOP applies, and only then, anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

"No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

By:
Its:
Date of signature: _____

By: _____
Its: _____
Date of signature: _____

Multistate FDD 11/2024
(State Addendum – Exhibit F)

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the “Act”) and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, will be amended as follows:

1. The following language is added as new Article 21.3 of the Franchise Agreement:

“No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the “Non-Waiver” provision in Article 17.3 of the Franchise Agreement.

Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Franchise Investment Law is void and will not be enforced by Franchisor.”

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

By:
Its:
Date of signature: _____

By:_____
Its:_____
Date of signature:_____

**ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Nothing in Article 20.2 of the Franchise Agreement waives any rights Franchisee may have under Section 41 of the Illinois Franchise Disclosure Act of 1987, which provides:

"Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

2. Article 19.4 of the Franchise Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: _____

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

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(State Addendum – Exhibit F)

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20____, will be amended as follows:

1. The following language is added to Article 13.9.B. of the Franchise Agreement:

" , except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to the end of Article 19.4 of the Franchise Agreement:

"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Article 19.5 of the Franchise Agreement:

"all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

4. The following language is added to Articles 3.2.I., 12.5, and 13.9.B. of the Franchise Agreement:

"Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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(State Addendum – Exhibit F)

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq.), (the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Article 11.4 of the Franchise Agreement is amended to add the following language.

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

2. Article 14.1 of the Franchise Agreement is amended to read as follows:

“At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor’s reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.”

3. Franchisor will protect Franchisee’s right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Article 14.1 of the Franchise Agreement is amended as follows:

“With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.”

5. Article 19.4 of the Franchise Agreement is amended as follows:

“Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction.”

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Article 19.4 of the Franchise Agreement is amended as follows:

“Nothing contained herein shall limit Franchisee’s right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J.”

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Article 19.5 of the Franchise Agreement is amended to add the following:

“Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5.”

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:

DATED: _____

By: _____

Its: _____

Franchisee:

DATED: _____

By: _____

Its: _____

**NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain Dentsmart LLC Franchise Agreement dated _____, ____ that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the license occurred in New York.

2. The following is added as a new Article 14.6 of the Franchise Agreement:

"Franchisee may terminate this Agreement upon any grounds available at law."

3. The following is added to Article 3.2 of the Franchise Agreement:

"This Article shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the “Act”) and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The Franchise Agreement between _____ (“Franchisee” or “You”) and Dentsmart LLC (“Franchisor”) dated as of _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota

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must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

Franchisor:

By: _____

Its: _____

Franchisee:

By: _____

Its: _____

**RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Dated: _____, ____.

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

**VIRGINIA AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____, hereby agree that the Franchise Agreement will be amended as follows:

1. Article 14.1 of the Franchise Agreement is amended by adding the following language:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: _____

Franchisor:

By: _____

Its: _____

Franchisee:

By: _____

Its: _____

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Washington that are subject to the Washington Franchise Investment Protection Act (the “Act”) and is for the purpose of complying with Washington statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the License Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: _____, _____.

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT F

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EXHIBIT G
LIST OF FRANCHISEES

Franchisee	Street Address	City	State	Telephone Number
920 Customs, Inc.	9416 Alpine Rd	Fremont	Wisconsin	920-205-9345
BNWEBB Inc.	PO Box 1169	Pekin	Illinois	309-241-2686
Boss Johnston Inc	201 E. Section Line Rd.	Wayne City	Illinois	618-267-9982
Dent Workz, Inc.	PO Box 5169	Fulton	Tennessee	731-796-0459
Dentsmart of Carolinas	14035 Hackamore Dr	Matthews	North Carolina	704-303-0947
NuVue Management Inc.	26 Silver Lake Rd.	Waterloo	Iowa	319-504-1140
Jaffe Ventures	27035 Bayshore Circle NW	Isanti	Minnesota	763-688-4920
Dentsmart of NY	PO Box 865	Fayetteville	New York	315-266-7002
Gatchett Repair, LLC	4006 Filager Rd	Batavia	Ohio	513-404-1597
JustASK, Inc.	PO Box 10544	Murfreesboro	Tennessee	615-542-2222
PDR Management Inc.	PO Box 1169	Pekin	Illinois	309-241-2050
Willmz Inc.	8629 E Jackson St	DuQuion	Illinois	618-201-3368

EXHIBIT H

FRANCHISEES WHO LEFT THE SYSTEM OR HAVE NOT COMMUNICATED

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The following franchisees left our system in our last fiscal year, or did not communicate with us within 10 weeks of the issuance date of this disclosure document:

None.

EXHIBIT I
FINANCIAL STATEMENTS

Audited Financial Statements

DENTSMART, LLC

PEKIN, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2023

DENTSMART, LLC.

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Management of
Dentsmart, LLC
Pekin, IL

Opinion

We have audited the accompanying financial statements of Dentsmart, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dentsmart, LLC. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dentsmart, LLC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dentsmart, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Swansea Location:
3121 N. Illinois St., Suite A
Swansea, IL 62226
618-233-0166

4922.4582.2209.1

Altamont Location:
703 S. Main St.
Altamont, IL 62411
618-483-9137

Ellisville Location:
226 Clarkson Rd.
Ellisville, MO 63011
636-386-1040

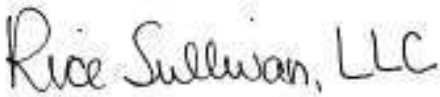
DuQuoin Location:
105 E. Main St.
DuQuoin, IL 62832
618-542-4747

Nashville Location:
1191 W. St. Louis St.
Nashville, IL 62263
618-327-4375

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dentsmart, LLC.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dentsmart, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Rice Sullivan, LLC

October 14, 2024
Du Quoin, Illinois

FINANCIAL STATEMENTS

DENTSMART, LLC
Balance Sheet - Income Tax Basis
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents, Unrestricted	\$ 1,089
Cash and Cash Equivalents, Restricted	256,110
BPDF Contribution Receivable	42,440
Note Receivable, Current Portion	36,418

TOTAL CURRENT ASSETS	336,057
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PROPERTY AND EQUIPMENT

Vehicles	114,674
Less: Accumulated Depreciation	(60,600)

TOTAL PROPERTY AND EQUIPMENT	54,074
-------------------------------------	---------------

OTHER ASSETS

Intangible Assets, Net of Amortization	1,682,800
Note Receivable, Long-Term Portion	55,237

TOTAL OTHER ASSETS	1,738,037
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TOTAL ASSETS	\$ 2,128,168
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LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 828
Payroll Tax Liabilities	38,675
Note Payable, Current Portion	257,571

TOTAL CURRENT LIABILITIES	297,074
----------------------------------	----------------

LONG-TERM LIABILITIES

Trust Liability	325,000
Note Payable, Non-Current Portion	1,030,386

TOTAL LONG-TERM LIABILITIES	1,355,386
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TOTAL LIABILITIES	1,652,460
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MEMBER'S EQUITY	475,708
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TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 2,128,168
--	---------------------

The accompanying notes are an integral part of these financial statements.

DENTSMART, LLC
Income Statement - Income Tax Basis
For the Year Ended December 31, 2023

REVENUE	
Service Income	\$ 5,682,954
Royalties	1,753,050
Technician Placement Fee	183,633
Other Income	178,359
TOTAL REVENUE	7,797,996
OPERATING EXPENSE	
Amortization Expense	120,200
Advertising	69,093
Bad Debt	-
Computer Software	217,652
Corporate Account Expenses	13,795
Depreciation Expense	60,600
Donation Expense	1,500
Employee Benefits	500
Insurance	9,369
License and Fees	75
Management Fees	1,476,250
Meals and Entertainment	13,127
Meetings	86,577
Miscellaneous	174,373
Office Expense	44,176
Payroll Taxes	48,444
Postage and Shipping	334
PPRT	4,490
Professional Fees	78,586
Recon	39,094
Referrals	104,781
Reimbursements	27,194
Rent Expense	18,403
Salaries and Wages	565,929
Storm Management Director	486,762
Subcontractors	3,592,661
Supplies	130
Training	40,251
Travel	163,699
Vehicle Expense	554
TOTAL OPERATIONG EXPENSE	7,458,599
OPERATING INCOME (LOSS)	339,397
OTHER INCOME (EXPENSE)	
Interest Income	1,154
Interest Expense	(56,036)
Penalty Expense	(551)
TOTAL OTHER INCOME (EXPENSE)	(55,433)
NET INCOME (LOSS)	\$ 283,964

The accompanying notes are an integral part of these financial statements.

DENTSMART, LLC
Statement of Members' Equity - Income Tax Basis
For the Year Ended December 31, 2023

MEMBERS' EQUITY, BEGINNING	\$ 299,304
Net Income (Loss)	283,964
Members' Withdrawals	(150,000)
Members' Contributions	<u>42,440</u>
MEMBERS' EQUITY, ENDING	<u>\$ 475,708</u>

The accompanying notes are an integral part of these financial statements.

DENTSMART, LLC
Statement of Cash Flows - Income Tax Basis
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (loss)	\$ 283,964
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	180,800
(Increase) Decrease in Operating Assets:	
Other Current Asset	-
Increase (Decrease) in:	
BPDF Receivable	\$ (42,440)
Accounts Payable	828
Accrued Expenses	38,675
Trust Liability	325,000
Net Cash Provided by (Used in) Operating Activities	<u>786,827</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(114,674)
Principal Receipts of Notes Receivable, net of Issuance	(91,655)
Net Cash Flows Provided by Investing Activities	<u>(206,329)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments of Note Payable	(229,678)
Member's Contributions	42,440
Member's Withdrawals	(150,000)
Net Cash Provided from Financing Activities	<u>(337,238)</u>
Net Increase (Decrease) in Restricted and Unrestricted Cash	243,260
Restricted and Unrestricted Cash at Beginning of Year	<u>13,939</u>
Restricted and Unrestricted Cash at End of Year	<u>\$ 257,199</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Dentsmart, LLC. (the “Company”) is an Illinois company that began operations on December 29, 2022 in partnering with body shop and insurance companies to provide top notch paintless dent repair services using the latest tools and advanced techniques for vehicle restoration. The Company operates in several states nationwide.

Basis of Accounting

The financial statements have been prepared on the income tax basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis recognizes assets, liabilities, revenue and expense when they result from cash transactions with a provision of depreciation and amortization. As a result of the use of the income tax basis of accounting, certain assets and related revenues (such as accounts receivable and revenue billed for services but not yet collected) and certain liabilities and their related expenses (such as accounts payable, with the exception of credit card payables and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with the income tax basis of accounting. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid, investments with an initial maturity of three months or less to be cash or equivalents.

Cash and cash equivalents has been restricted in the amount of \$256,110 for the funds set aside for the Brand Protection and Development Fund as of December 31, 2023. The Brand Protection and Development Fund is discussed in greater detail in Note G.

Intangible Assets Subject to Amortization

During the year ended December 31, 2022 the Company purchased goodwill and other intangible assets from Dentsmart, Inc. for \$1,803,000. The Company is amortizing the intangible assets using the straight-line method with a useful life of 15 years, with annual amortization expense of \$120,200.

Property and Equipment

Property and Equipment are stated at cost and are depreciated using an accelerated depreciation method. Maintenance and repairs are expensed as incurred, whereas major additions to property and equipment are capitalized. Depreciation expense for December 31, 2023 is \$60,600.

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition

The Company has entered into royalty sharing agreements with current franchise owners. The Company recognizes revenue related to royalty sharing agreements when the repair has been completed by the franchisee. The Company charges the franchise owners a software charge for the use of the software license the Company purchased. The software license agreement between the Company and the franchises is for one year and is invoiced and collected on an annual basis. Revenue for the use of the software license is recognized over each year.

Franchise Fees

Franchise revenue consist primarily of the franchisee fees earned through the franchise agreements entered into by the Company that consist of marketing fund contributions, sales services, technician placement fees, and estimate services charged to franchisees as they participate in different service options available.

Royalties

Royalties are calculated based on adjusted net revenue earned by the franchise or license company over the term of the franchise or license agreement.

Services

Service income is part of the Company's response team that provides PDR services in different states. This creates a revenue stream to Dentsmart, LLC other than from the franchisees.

Income Tax

The Company has elected to be classified as an S corporation under the Internal Revenue Code. In lieu of federal corporation income taxes, the members of an S corporation are taxed on their proportionate share of the Company's taxable income. Since income and expenses are reported on the members' individual income tax returns, a provision for federal income taxes has not been included in the financial statements.

The State of Illinois collects personal property replacement taxes (PPRT) from S Corporation 1.5% of Illinois business net income. During the year ended December 31, 2023, the Company reported \$4,490 in PPRT for tax on 2022 IL business income. There was no other state income tax liability paid in 2023.

Advertising, Promotion and Marketing Costs

The Company expense all advertising, promotion and marketing costs as they are incurred and during the year ended December 31, 2023 totaled \$69,093.

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE B – NOTE RECEIVABLE

Brand Protection and Development Fund – Note Receivable

As part of the Brand Protection and Development Fund, the Company (as the franchisor) can loan funds to franchisees to help them cover the costs of technician training. During the year, the Company used the BPDF to loan funds to three different franchisees as detailed below:

During the year ended December 31, 2023 the Company entered into a note receivable with Shawn Johnston in the amount of \$25,000. The note receivable bears an interest rate of 3.0% with monthly payments of \$1,074.53. The balance of the note receivable at December 31, 2023 is \$18,890. Interest earned on the note receivable during the year is \$337.

During the year ended December 31, 2023 the Company entered into a note receivable with Boss Johnston in the amount of \$50,000. The note receivable bears an interest rate of 5.5% with monthly payments of \$1,509.80. The balance of the note receivable at December 31, 2023 is \$50,000. Interest earned on the note receivable during the year is \$0.

Employee Note Receivable

During the year ended December 31, 2023 the Company entered into a note receivable with Rich Bernal in the amount of \$25,000. The note receivable bears an interest rate of 8.0% with bi-weekly payments of \$305.16. The balance of the note receivable at December 31, 2023 is \$22,765. Interest earned on the note receivable during the year is \$817.

<u>Year End December 31,</u>	<u>Shawn Johnston</u>	<u>Boss Johnston</u>	<u>Rich Bernal</u>	<u>Total</u>
2024	\$ 12,894	\$ 18,118	\$ 7,934	\$ 38,946
2025	6,447	18,118	7,934	32,499
2026	0	18,118	7,934	26,052
2027	0	0	2,090	2,090
2028	0	0	0	0
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	19,341	54,354	25,892	99,587
Less: Interest	<u>(451)</u>	<u>(4,354)</u>	<u>(3,127)</u>	<u>(7,932)</u>
Outstanding Principal	<u>\$ 18,890</u>	<u>\$ 50,000</u>	<u>\$ 22,765</u>	<u>\$ 91,655</u>

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE C – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of vehicles at a cost and accumulated depreciation as of December 31, 2023 of \$114,674 and \$60,600, respectively. During the year ended December 31, 2023 depreciation was \$60,600.

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Vehicles	\$ 0	\$ 114,674	\$ 0	\$ 114,674
Total Property and Equipment	\$ 0	\$ 114,674	\$ 0	\$ 114,674
Less: Accumulated Depreciation				(60,600)
Total Property and Equipment, net of depreciation				\$ 54,074

NOTE D – INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization consist of purchased goodwill, franchise/license agreements and other intangible items of \$1,803,000. Since the intangible assets were recently purchased, an impairment test was not performed for 2023.

The intangible assets, net consist of the following as of December 31, 2023:

Intangible Assets	\$ 1,803,000
Less: Accumulated Amortization	(120,200)
Intangible Assets, Net	<u>\$ 1,682,800</u>

For the year ended December 31, 2023, amortization expense totaled \$120,200.

NOTE E – NOTES PAYABLE

On December 29, 2022, Dentsmart, LLC entered into Promissory Note agreement with Dentsmart, Inc. to purchase the assets of Dentsmart, Inc. for \$1,803,000. Terms of the note are annual payments of \$285,714.29 for seven years with an interest rate of 3%. The principal balance of the note at December 31, 2023 is \$1,287,957. Interest paid on the loan during the year is \$56,036.

Year Ending December 31,	Principal	Interest	Total
2024	\$ 257,571	\$ 28,143	\$ 285,714
2025	257,572	28,143	285,715
2026	257,571	28,143	285,714
2027	257,572	28,143	285,715
2028	257,571	28,143	285,714
Total	<u>\$ 1,287,857</u>	<u>\$ 140,715</u>	<u>\$ 1,428,572</u>

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE F – FRANCHISE AND ROYALTIES

During the year ended December 31, 2023 the Company had 20 territory owner license/franchise and operating agreements which are in effect servicing 20 outlets.

Royalties included in revenue for the year ended December 31, 2023 totaled \$1,753,050.

NOTE G – BRAND PROTECTION AND DEVELOPMENT FUND

Dentsmart, LLC has established a Brand Protection and Development Fund (“BPDF”). The BPDF may be used for three types of purposes: 1) to protect the Dentsmart brand by providing franchisees’ access to funds they can use to pay technicians when body shops fail to remit payments owed to franchisee pursuant to the criteria, policies and procedures set forth in the Manual as they may be revised from time to time; 2) to loan money to qualified franchisees to help them cover the costs of having their technicians trained on how to perform PDR Repairs consistent with Dentsmart’s standards; 3) to meet any and all costs of researching, developing and preparing national, regional, point of sale, and local direct sales advertising and marketing strategy materials. Dentsmart, LLC shall determine the criteria for how franchisees are to receive the funds.

All payments, plus income earned therefrom, shall be used exclusively for the purposes stated in the franchise agreements. The BPDF monies should be maintained in a separate bank account from franchisor funds. A separate bank account was opened for this purpose shortly after the balance sheet date.

The BPDF is not a trust or escrow account, and franchisor has no fiduciary obligation to franchisees with respect to the BPDF; provided, however, that franchisor will make a good faith effort to expend such fees in a manner that franchisor determines is in the general best interests of the fund.

The funds in the BPDF at December 31, 2023 is \$256,110 as summarized below:

Trust Liability	\$ 325,000
Less: Loan Receivable	(68,890)
Funds in BPDF at December 31, 2023	<u>\$ 256,110</u>

DENTSMART, LLC.
Notes to Financial Statements
December 31, 2023

NOTE H – CONCENTRATION OF RISK

The Company was founded to engage in the business of selling franchise agreements within the automobile body repair business. Should the automotive repair industry suffer dramatic changes generally, the Company might find it difficult to continue operations.

Also, the methods used by the Dentsmart franchises are particularly useful to repair damage caused by hail storms. Revenues for the Company can fluctuate dramatically based on the amount and severity of hail storms in the areas in which the outlets operate.

During the year ended December 31, 2023 the Company received revenue from three franchisees that collectively had revenue greater than 20% of the total revenue. Revenue earned from these three franchisees totaled \$1,538,010.

NOTE I – UNCERTAINTIES AND CONTINGENCIES

Dentsmart, LLC is in compliance with every state's franchise agreement in which the Company operates, with the exception of Wisconsin. Dentsmart, LLC will be required to offer rescission to the owner of the franchise agreement located in Wisconsin.

NOTE J – RELATED ORGANIZATIONS AND RELATED PARTIES

The owners of Dentsmart LLC have equity ownership in other companies that have franchise agreements with Dentsmart, LLC. These related companies provide income to Dentsmart, LLC in the form of royalties and other management fees. Also, Dentsmart, LLC pays these companies management fees.

NOTE K – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through October 14, 2024, which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.

Unaudited Financial Statements

These Financial Statements Have Been Prepared Without An Audit. Prospective Franchisees or Sellers of Franchises Should Be Advised That No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Income	
Admin Fee - AR	9,760.00
Admin Fee - CIL	46,540.00
Admin Fee - CO	1,840.00
Admin Fee - EMO	9,880.00
Admin Fee - IA	7,580.00
Admin Fee - IN	3,700.00
Admin Fee - KS	1,960.00
Admin Fee - MN	6,780.00
Admin Fee - NE	840.00
Admin Fee - NIL	6,100.00
Admin Fee - NWI	27,475.75
Admin Fee - SIL	18,800.00
Admin Fee - SWI	5,780.00
Admin Fee - TN	520.00
Admin Fee - WTN	16,980.00
CCC Conversions	5,016.00
Royalties - AR	123,772.62
Royalties - CIL	678,118.58
Royalties - CO	24,371.49
Royalties - IA	89,871.38
Royalties - IN	41,105.68
Royalties - KS	20,221.18
Royalties - NE	11,861.80
Royalties - NIL	65,826.49
Royalties - NWI	109,929.65
Royalties - OH	45,088.50
Royalties - SIL	218,506.28
Royalties - SWI	71,657.27
Royalties - WMO	93,463.60
Royalties - WTN	194,638.74
Royalties - Carolinas	26,384.61
Royalties - EMO	119,764.79
Royalties - KY	34,025.93
Royalties - MN	97,061.40
Royalties - ND	30,339.31
Royalties - NY	26,740.79
Royalties - TN	6,179.55
Services	251,010.87
Estimating Services	178,140.00
Total Services	429,150.87

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Services - AL	348,028.67
Services - CO	597,521.28
Services - Corporate Sales	107,632.35
Services - IA	54,919.49
Services - IN	190,703.90
Services - MN	40,848.10
Services - NE	95,646.75
Services - TX	613,615.57
Technician Placement Fee	151,858.36
Unapplied Cash Payment Income	0.00
Wholesale	
Wholesale - AR	45,305.99
Total Wholesale	45,305.99
Total Income	\$4,973,712.72
Cost of Goods Sold	
Cost of goods sold	
Supplies & materials	404.75
Total Cost of goods sold	404.75
Shipping	19.71
Total Cost of Goods Sold	\$424.46
GROSS PROFIT	\$4,973,288.26
Expenses	
2023 Owners Meeting	668.18
2024 Annual Banquet	61,226.45
2024 Owners Meeting	27,502.78
2025 Annual Banquet	4,000.89
Advertising & marketing	19,523.83
Rebrand	24,000.00
Total Advertising & marketing	43,523.83
Alldata	4,334.66
CCC	39,313.75
Computer Software	92,057.33
Computer Software - HailTrace	4,850.00
Computer Software - HR	2,350.00
Computer Software - Monday.com	28,800.00
Computer Software - STL	56,091.99
Computer Software - Vehicle Hub	56,134.80
Systems Project Coordinator	34,111.84
Total Computer Software	274,395.96

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Computer Software - Cloud Haven	100.00
Contract labor	32,172.96
Corporate Account Expenses	4,067.53
Corporate Account Expenses - Body Shop Rent	1,500.00
Corporate Account Expenses - Corporate Storm Director Management %	60,469.65
Corporate Account Expenses - Shirts	542.13
Corporate Account Expenses - Signs	2,746.30
Corporate Account Expenses - Storm Co-Ordinator Contractors	99,326.04
Corporate Account Expenses - Subcontractors	1,291,067.86
Corporate Storms Director	9,694.00
Owner Referral - Corporate Storm	28,916.39
Owner Referral - Technician	2,800.77
Owner Referral Wholesale	21,100.00
Total Corporate Account Expenses	1,522,230.67
Corporate Account Expenses - Broken Parts	9,792.52
Employee benefits	
Employee retirement plans	30,268.92
Worker's compensation insurance	2,805.68
Total Employee benefits	33,074.60
Estimatics Subcontractors	
Estimatics Subcontractors - Phillippines	66,129.50
Total Estimatics Subcontractors	66,129.50
General business expenses	
Bad Debt	-6,430.88
Bank fees & service charges	2,656.81
Memberships & subscriptions	1,184.91
Operational Management Fee	206,250.00
Training	2,195.00
I-CAR	112.97
Total Training	2,307.97
Total General business expenses	205,968.81
Gift	169.22
Human Resources	2,988.59
Insurance	
Liability insurance	20,197.86
Total Insurance	20,197.86
Legal & accounting services	53,231.40
Legal fees	145.00
Total Legal & accounting services	53,376.40

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Mavidea	9,006.40
Meals	157.21
Travel meals	385.29
Travel Meals - Gregg Ratliff	578.75
Travel Meals - Gregg Ratliff - Tennessee Market	114.32
Travel Meals - Gregg Ratliff -Iowa Market	379.13
Travel Meals - Gregg Ratliff -N. Illinois Market	730.50
Travel Meals - Luke Blando	126.73
Travel Meals - Nate Webb	375.02
Travel meals - Rob Stuart	3,184.37
Travel Meals - Ron Childers	1,766.14
Travel Meals - Shannon Caraker	104.72
Travel meals - Zach Reichert	1,512.34
Total Travel meals	9,257.31
Travel Meals - Wanda Stewart	582.35
Total Meals	9,996.87
Mitchell	17,304.00
Office 365	7,283.66
Office expenses	8,308.33
Office supplies	7,494.19
Shipping & postage	184.31
Small tools and equipment	32,625.90
Total Office expenses	48,612.73
Operational Meeting	46,867.47
Other Business Expenses	100.00
Payroll expenses	
Company Contributions	
Health Insurance	33,997.05
Vision Insurance	882.63
Total Health Insurance	34,879.68
Retirement	16,194.77
Total Company Contributions	51,074.45
Taxes	65,697.66
Wages	810,824.00
Total Payroll expenses	927,596.11
Quickbooks	4,510.00
Recon	15,110.00
Reimbursements	17,114.37
Rent - DuQuion House	8,500.00

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Salesforce	31,316.40
Software - Ring Central	10,439.96
Storm Management Director	12,500.00
Supplies	4,543.43
Taxes paid	34,272.00
Payroll taxes	193.33
Total Taxes paid	34,465.33
Technical Subcontractor	58,665.65
Technician Resource Program	75,292.33
Travel	2,283.60
Travel - Jeff Williams	2,402.28
Travel - Nate Webb	4,086.23
Travel Expense - John Williams	3,894.44
Total Travel	12,666.55
Travel Expense	4,539.45
Travel Expense - Brittany Webb	12,063.93
Travel Expense - Gregg Ratliff	2,437.07
Travel Expense - Gregg Ratliff - Arkansas Market	700.52
Total Travel Expense - Gregg Ratliff	3,137.59
Travel Expense - Gregg Ratliff - Iowa Market	2,570.85
Travel Expense - Gregg Ratliff - N. Illinois Market	5,099.51
Travel Expense - Gregg Ratliff -Tennessee Market	695.96
Travel Expense - Luke Blando	984.52
Travel Expense - Rob Stuart	31,755.51
Travel Expense - Robbie Scarpance	7,020.50
Travel Expense - Ron Childers	10,171.34
Travel Expense - Wanda Stewart	9,554.87
Travel Expense - Zach Reichert	12,214.60
Travel Expenses - Shannon Caraker	662.58
Total Travel Expense	100,471.21
Utilities	570.10
Internet & TV services	1,248.33
Total Utilities	1,818.43
Total Expenses	\$3,855,348.53
NET OPERATING INCOME	\$1,117,939.73
Other Expenses	
Rent - DuQuion Office	16,000.00
Rent - Pekin Office	16,000.00

DENTSMART LLC

Profit and Loss

January - October, 2024

	TOTAL
Vehicle expenses	323.11
Parking & tolls	915.23
Vehicle gas & fuel	1,851.49
Vehicle registration	154.40
Total Vehicle expenses	3,244.23
Total Other Expenses	\$35,244.23
NET OTHER INCOME	\$ -35,244.23
NET INCOME	\$1,082,695.50

DENTSMART LLC

Balance Sheet

As of October 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Bad Debt Trust account	462,880.00
Fortress Bank - Checking	873,754.82
Total Bank Accounts	\$1,336,634.82
Other Current Assets	
BPDF Contribution Receivable	42,440.00
Inventory	14,298.18
Loan - Boss Johnston Inc	41,970.81
Loan - Rich Bernal	22,765.41
Loans to others	5,000.00
Payments to deposit	3,120.00
Total Other Current Assets	\$129,594.40
Total Current Assets	\$1,466,229.22
Fixed Assets	
Accumulated Amortization	-120,200.00
Accumulated Depreciation	-60,600.00
Intangible Assets	1,803,000.00
Long-term office equipment	
Computers & tablets	8,883.18
Furniture	15,567.13
Total Long-term office equipment	24,450.31
Tools, machinery, and equipment	1,846.14
Vehicles	114,674.55
Total Fixed Assets	\$1,763,171.00
TOTAL ASSETS	\$3,229,400.22

DENTSMART LLC

Balance Sheet

As of October 31, 2024

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Fortress Credit Card Payable	23,840.44
Total Credit Cards	\$23,840.44
Other Current Liabilities	
Direct Deposit Payable	0.00
Illinois Department of Revenue Payable	0.00
Out Of Scope Agency Payable	0.00
Payroll Liabilities	
401k	30,348.91
AL Income Tax	38.14
AL Unemployment Tax	0.00
CO Income Tax	258.00
CO Paid Family and Medical Leave	28.21
CO Unemployment Tax	135.00
Dental - Pretax	5,099.34
EI Paso County Collections - Case # 2023M5212	507.69
Federal Taxes (941/943/944)	0.00
Federal Unemployment (940)	276.30
Health -Pretax	86,919.47
IA Income Tax	302.26
IA Unemployment Taxes	393.24
IL Income Tax	2,069.54
IL Unemployment Tax	-19.77
IN Income / Local Taxes	922.28
IN Unemployment Tax	-178.24
KS Unemployment Tax	8.14
KY Income Tax	1.74
KY Local Tax	13.17
KY Unemployment Tax	0.00
MN Income Tax	0.00
MN Unemployment Taxes	0.00
OH Income Tax	0.28
OH Unemployment Tax	0.00
TN Quarterly Taxes	80.15
Vision - Pretax	310.28
WI Income Tax	0.00
WI SUI Employer	0.00

DENTSMART LLC

Balance Sheet

As of October 31, 2024

	TOTAL
Total Payroll Liabilities	127,514.13
Repayment	
Advance 6-18-24	1,400.00
Loan Repayment	8,408.36
Total Repayment	9,808.36
Texas State Comptroller Payable	3,969.90
Trust liability	325,000.00
Total Other Current Liabilities	\$466,292.39
Total Current Liabilities	\$490,132.83
Long-Term Liabilities	
Note Payable - Dentsmart, Inc.	1,287,957.14
Total Long-Term Liabilities	\$1,287,957.14
Total Liabilities	\$1,778,089.97
Equity	
Owner investments	42,440.00
Personal healthcare	
Health insurance premiums	-107,093.41
Total Personal healthcare	-107,093.41
Retained Earnings	583,268.16
Shareholder Distribution	-150,000.00
Net Income	1,082,695.50
Total Equity	\$1,451,310.25
TOTAL LIABILITIES AND EQUITY	\$3,229,400.22

EXHIBIT J
CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement"), dated _____, _____, is made by and between Dentsmart, LLC, an Illinois limited liability company, with its principal office at 1333 El Camino Drive, Pekin, IL 61554 ("Franchisor"), and _____, located at _____ ("Recipient").

Recitals

On _____, _____, Franchisor and _____ ("Franchisee") entered into a Franchise Agreement to operate a Dentsmart paintless dent removal business (the "Franchised Business") in _____ ("Franchise Agreement"). Recipient is either the Franchisee, or one of Franchisee's owners, shareholders, partners, members (each, an "Owner"), officers, directors, managers, employees, or agents.

Under the Franchise Agreement, Franchisor has agreed to provide Confidential Information, as that term is defined in the Franchise Agreement and below, to Franchisee solely on the condition that Franchisee and the Owners agree that Franchisee (if an individual), its Owners (if an entity), officers, directors, members, partners, managers, employees and agents who have access to such Confidential Information sign a Confidentiality Agreement. Recipient agrees that the Confidential Information is being disclosed to him or her under the terms and conditions of this Agreement.

The Franchise Agreement also requires each of the Owners and each of Franchisee's officers, directors, managers, employees and agents to sign a covenant not to compete.

Terms and Conditions

NOW, THEREFORE, in consideration of the covenants and the promises herein contained, the parties agree as follows:

1. Recipient acknowledges and agrees that all Confidential Information he or she receives from Franchisor is confidential and proprietary information and trade secrets in which Franchisor has a proprietary interest. "Confidential Information" includes, by way of example, but not limitation, certain information relating to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the System Standards and the contents of the Operations Manual. Recipient will not acquire any interest in the Confidential Information learned by Recipient other than the right for Recipient to utilize the same in connection with ownership and/or operation of the Franchised Business during term of the Franchise Agreement, including any renewal term or the term of any subsequent Franchise Agreement entered into between Franchisor and Franchisee, and the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with Franchisor, its affiliates, and Franchisor's other franchisees.

2. Franchisor is disclosing the Confidential Information to Recipient solely on the condition that Recipient agrees, and Recipient hereby does agree, that any Confidential Information received from Franchisor (a) shall only be used by Recipient for purposes of performing the Franchise Agreement, (b) will not be used by Recipient in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by Recipient both during and after the term of the Franchise Agreement, including any renewal term, (d) will not be copied by Recipient without written authorization, and (e) will not be disclosed by Recipient to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to

prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. Each other person receiving the Confidential Information must also sign a copy of this Agreement.

3. Recipient acknowledges that no other right or license to use the Confidential Information is granted by this Agreement, and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Franchisor.

4. Recipient hereby agrees that any addition, modification, adaptation, improvement, refinement, discovery, invention or innovation of the System or any licensed trademark of the System (collectively, a **"Business Improvement"**) made by Franchisee or its employees or Owners shall be the sole and exclusive property of Franchisor, regardless of Franchisee's, its employee's or the Owners' participation or sole participation in its development, and shall be deemed assigned to Franchisor. Upon Franchisor's request, Recipient shall, and shall cause his/her employees and all owners to, execute any instruments and documents that Franchisor requests and shall assist Franchisor to perfect or protect all intellectual property rights in such Business Improvement. Recipient shall not be entitled to any compensation for the use or licensing of any Business Improvement.

5. Upon termination or expiration of the Franchise Agreement, or earlier if requested by Franchisor, Recipient will return all Confidential Information and the Operations Manual (including any copies thereof that Franchisor may have permitted Recipient to make) to Franchisor, or deletion of the same, as designated by Franchisor.

6. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

7. Recipient acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

8. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Franchisor and its affiliates, and their respective members, owners, shareholders, directors, officers, managers, employees and agents (the **"Indemnified Parties"**), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever (**"Claims"**), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform his or her duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims.

9. All terms not otherwise defined in this Agreement shall have the same meanings as the defined terms in the Franchise Agreement.

10. This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Illinois, without giving effect to its conflicts of law principles.

11. This Agreement together with the Franchise Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the disclosure of Confidential Information to Recipient and Recipient's non-competition obligations, and shall not be amended except under a written agreement executed by each of the parties hereto. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

Recipient:

Print Name: _____

Position with Franchisee: _____

Franchisor:

DENTSMART, LLC

By: _____

Name: _____

Its: _____

EXHIBIT K
GENERAL RELEASE

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release, but should be taken out of the brackets and the bold type should be replaced by normal type.]

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made this _____ day of _____, _____, by [Name of franchisee] ("Franchisee"), [and [Name of owner(s)], ("Owner(s)"), with reference to the following facts:

The undersigned Franchisee is a signatory to that certain Franchise Agreement dated _____, _____ ("Franchise Agreement") by and between DENTSMART, LLC ("Franchisor") and Franchisee granting Franchisee the right to use the Franchisor's System and trademarks to operate the Franchised Business at a specific location.

[The undersigned Owner is an owner of the Franchisee.]

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and the Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Franchisor.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Franchisor and its members, managers, officers, directors, owners, principals, managers, employees, affiliates, successors and assigns (collectively the "Released Parties"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither] Franchisee [nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

2. Waiver of Rights. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known,

expected or anticipated to exist in favor of Franchisee [or Owner] against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee [and Owner each], for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee [or Owner, as the case may be] would be entitled, now or at any time hereafter under the statutory or common law of the state where the Franchised Business is located, whether now or hereinafter existing under the laws of the state where the Franchised Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship.

[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]

3. Waiver of Civil Code Section 1542. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[and Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee **[and Owner each]** hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee **[and Owner each]** acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor."

In making this voluntary express waiver, Franchisee **[and Owner each]** acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee **[and Owner, respectively]** to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee **[and Owner each]** acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

4. Release Not Admission. Franchisee **[and Owner each]** understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any Claims made by or against Franchisor.

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign

or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. Controlling Law. This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where the Franchised Business is located.

IN WITNESS WHEREOF, Franchisee [and Owner each] has executed this Release on the date first shown above.

Franchisee:

[Owner:

(Signature)

By: _____

(Print Name)]

Name: _____

Its: _____

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

California	Not registered
Hawaii	Not registered
Illinois	Pending
Indiana	Pending
Maryland	Not registered
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Not registered
South Dakota	Pending
Virginia	Not registered
Washington	Not registered
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPT PAGES

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Dentsmart, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Dentsmart, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Dentsmart, LLC, located at 1333 El Camino Drive, Pekin, IL 61554. Its telephone number is (866) 336-8762.

The franchise seller is Nate Webb, located at 1333 El Camino Drive, Pekin, IL 61554. His telephone number is (866) 336-8762.

The issuance date is November 26, 2024. The state effective dates are on an exhibit preceding this Receipt.

Dentsmart, LLC authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated November 26, 2024 that included the following Exhibits:

- | | |
|---|---|
| A. List of State Administrators | F. Table of Contents of Operations Manual |
| B. Agents for Service of Process | G. List of Franchisees |
| C. State Addenda to FDD | H. Franchisees Who Left System or Have Not Communicated |
| D. Franchise Agreement, including Owner's Guaranty | I. Financial Statements |
| E. State Specific Amendments to Franchise Agreement | J. Confidentiality Agreement |
| | K. General Release |

Date: _____

Prospective Franchisee Signature

Print Name: _____

Address: _____

Individually and as _____
of _____

(Your Copy. Sign, date and retain.)

Multistate
FDD 11/2024

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Dentsmart, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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| E. State Specific Amendments to Franchise Agreement | J. Confidentiality Agreement |
| | K. General Release |

Date: _____

Prospective Franchisee Signature

Print Name: _____

Address: _____

Individually and as _____
of _____

(Your Copy. Sign, date and retain.)

Multistate
FDD 11/2024