

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.
2. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

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 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 [a state with jurisdiction over your purchase of the franchise has required us to defer payment of the initial franchise fee until the Franchised Business opens \(see the state addenda to this FDD and the Franchise Agreement for information on any required deferral\), or 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	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. “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. See Note 2 for full definitions of Gross PDR Sales, Net PDR Sales, Deductions and Gross Non-PDR Revenue.

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	incur	invoice for the fee	must pay our costs to conduct a re-inspection.
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	Currently none.	Upon request	This fee is intended to off-set

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Conference Registration Fee	but if charged it will be an amount set by us		our expenses for organizing franchisee meetings. You are likely to incur travel and lodging expenses in addition to this fee.
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	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.

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	we incur		
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.
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. <u>but will not exceed our then-current initial franchise fee for a new franchise</u>	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 <u>The actual amount of the costs and expenses we incur</u>	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.

Column 1 Type of Fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
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 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 <u>An amount equal to the actual fees and costs we incur</u>	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 <u>of up to 5% of your Net PDR Sales of your Gross Non-PDR Revenue</u> if our management is the result of your death or incapacity; 5% if we manage the	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.

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	business while the sale of the Franchised Business to us is pending-		
Liquidated Damages	See Note 7. An amount equal to the ongoing fees paid under the Franchise Agreement for the 24 months preceding the termination	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.

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
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 Designated vendors and suppliers you choose
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. [If your state requires, your obligation to pay the Initial Franchise Fee will be deferred until you open the Franchised Business.](#)
- (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. [If you operate the Franchised Business from your home, these costs may be \\$0.](#) 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

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.

~~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**

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

[In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Dentsmart system. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.](#)

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

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.

5. 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.

6. "Key Accounts" exist in this franchise system. 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.

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."

12. Due to the deficit ratio of current assets to current liabilities in Franchisor's most recent financial statement, Franchisor is required to defer payment of initial franchise fees until the Franchised Business opens.

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

1. The following information is added to 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 RESOURCES 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~~THAT 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:~~

2. The following is to be added at the end of Item 3:

~~“Neither we, our~~ Except as provided above, the following applies to the franchisor, its predecessor, ~~nor~~ a person identified in Item 2, or an affiliate offering franchises under ~~our~~ the franchisor’s principal trademark:

A. ~~Has~~ No such party 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~~

B. No such party has pending actions, ~~other than routine litigation incidental to the business, which are that is~~ significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

BC. Has No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten ~~year period~~ years 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~~ antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations. Rev. April 2, 2024

~~CD. Is No such party is~~ subject to a currently effective ~~injunctioninjunctive~~ or restrictive order or decree relating to the franchise, or under a ~~federalFederal~~, 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:

~~; or is 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 ~~injunctioninjunctive~~ 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.”~~

73. The following ~~language~~ is added to ~~the end of the “Summary” sections of Item 17 in the Summary section of provision (c), entitled~~ “Requirements for Franchisee to Renew or Extend”, and to Summary section of provision a franchisee to renew or extend,” and Item 17(m), entitled “Conditions for Franchisor Approval of Transferfranchisor 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 intends that the ~~non-waiver~~nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FRANCHISOR REPRESENTATION

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

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."

4. ~~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.

5. 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.

6. "Key Accounts" exist in this franchise system. 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.

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

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."

9. Article 4.1.A. of the Franchise Agreement is amended to read as follows:

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 opening the Franchised Business, 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 when paid 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.

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: _____

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 December 20, 2024
Maryland	Not registered
Michigan	Pending December 23, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Not registered
South Dakota	Pending January 8, 2025
Virginia	Not registered
Washington	Not registered
Wisconsin	Pending November 27, 2024

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.