

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **September 25, 2023**

**SmileDirectClub, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-39037**  
(Commission  
File Number)

**83-4505317**  
(IRS Employer  
Identification No.)

**414 Union Street**  
**Nashville, Tennessee**  
(Address of Principal Executive Offices)

**37219**  
(Zip Code)

**(800) 686-4010**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol (s)	Name of Each Exchange on Which Registered
Class A common stock, par value \$.0001 per share	SDC	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.03. Bankruptcy or Receivership.****Voluntary Petition for Bankruptcy**

On September 29, 2023 (the "Petition Date"), SmileDirectClub, Inc. (the "Company" or "SDC") and certain of its direct and indirect subsidiaries (collectively, the "Company Parties") filed voluntary petitions (the "Chapter 11 Cases") under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division (the "Bankruptcy Court"). On the Petition Date, the Company Parties filed a motion with the Bankruptcy Court seeking to jointly administer the Chapter 11 Cases under the caption "In re: SMILEDIRECTCLUB, INC., et al.". Certain of the Company's subsidiaries were not included in the Chapter 11 filing.

The Company Parties continue to operate their business and manage their properties as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The Company Parties filed with the Bankruptcy Court motions seeking a variety of "first day" relief, including authority to pay certain prepetition claims. In addition, the Company filed with the Bankruptcy Court a motion seeking approval of debtor-in-possession financing. The transactions contemplated by the debtor-in-possession financing are expected to result in a significant or total loss of the Company's equity value. Trading in the Company's securities at this time is highly speculative.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On September 25, 2023, the special committee of the board of directors of SDC (the "Special Committee") approved a Key Employee Retention Plan (the "KERP") for its Chief Legal Officer and Chief Financial Officer (each, a "Key Employee"). Under the KERP, the Key Employee has received a retention bonus (the "Retention Bonus") in an amount equal to 50% of such Key Employee's annual base salary, with the Retention Bonus advanced and prepaid subject to the terms and conditions set forth in such Key Employee's retention letter, dated September 27, 2023, (each, a "Retention Letter"). The Retention Bonus will vest and become non-forfeitable on the earlier of the Vesting Date (as defined below) or the Key Employee's Qualifying Termination (as defined below). The Vesting Date is the first to occur of (x) the six-month anniversary of the Retention Letter's effective date or (y) consummation of a transaction, including but not limited to, a sale of assets, a sale of equity, or a merger, pursuant to which an independent third party acquires control of all of the business and assets of the Company and its direct and indirect subsidiaries. The applicable Key Employee would be required to repay 100% of the after-tax value of the Retention Bonus upon any termination, other than a Qualifying Termination, that occurs before the Vesting Date.

The Retention Letter defines a "Qualifying Termination" as the termination of the Key Employee's employment prior to the Vesting Date (x) by the Company for a reason other than cause, or (y) due to the Key Employee's death or disability, in each case, if, and only if, the Key Employee executes a release in full satisfaction of all claims against the Company and its direct and indirect subsidiaries.

The table below shows the Retention Bonus that each Key Employee is entitled to receive under the KERP:

Name	Title		Current Base Salary (in thousands)	Retention Bonus (in thousands)	
Susan Greenspon Rammelt	Chief Legal Officer	\$	700	\$	350
Troy Crawford	Chief Financial Officer	\$	600	\$	300

**Item 7.01. Regulation FD Disclosure.****Press Release**

On September 29, 2023, the Company issued a press release in connection with the filing of the Chapter 11 Cases. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

### **Additional Information on the Chapter 11 Cases**

Court filings and information about the Chapter 11 Cases can be found at a website maintained by the Company's claims agent, Kroll, at <https://restructuring.ra.kroll.com/SmileDirectClub>, 844-626-7278 (U.S. or Canada), or 646-651-1180 (International). The documents and other information available via website or elsewhere are not part of this Current Report and shall not be deemed incorporated therein.

The information furnished in this Item 7.01 of this Current Report on Form 8-K and the press release attached hereto as Exhibit 99.1 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act.

### **Cleansing Materials**

The Company together with its direct and indirect subsidiaries, executed confidentiality agreements (collectively, the "Confidentiality Agreements") with certain holders (collectively, the "NDA Parties") of the 0.00% Convertible Senior Notes due 2026 issued by the Company (the "Notes"). These Confidentiality Agreements facilitated the Company's ability to engage in discussions with the NDA Parties regarding one or more potential transactions involving the Notes (collectively, a "Transaction"). While discussions regarding a potential Transaction remain ongoing, as of the date hereof, the Company and the NDA Parties have not reached an agreement with respect to a potential Transaction.

Pursuant to the Confidentiality Agreements, the Company agreed to publicly disclose certain confidential information previously disclosed to the NDA Parties pursuant to the Confidentiality Agreements (collectively, the "Cleansing Materials") upon the occurrence of certain events, including if an agreement had not been reached as between the Company and the NDA Parties by October 3, 2023. The Cleansing Materials included as Exhibit 99.2 hereto were prepared as of an earlier date and are being furnished in satisfaction of the Company's public disclosure obligations under the Confidentiality Agreements.

The information set forth in this Current Report on Form 8-K and the exhibit attached hereto is not an offer to sell or exchange, or solicitation of an offer to buy, any securities, or a solicitation of consents with respect to any securities.

The information set forth in this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

### **Cautionary Note Information Regarding Projections**

The financial projections, prospective financial information and forecasts (collectively, the "Projections") included in the Cleansing Materials were not prepared with a view towards public disclosure or compliance with the published guidelines of the Securities and Exchange Commission (the "SEC") or the guidelines established by the American Institute of Certified Public Accountants for the presentation and preparation of "prospective financial information." The Company generally does not publicly disclose detailed prospective financial information. The Projections were prepared for the internal use of the Company and were provided pursuant to the Confidentiality Agreements for the limited purpose of providing information in connection with the Company's discussions about a potential Transaction.

The Projections have been prepared by, and are the responsibility of, the Company's management. The Projections do not purport to present the Company's financial condition in accordance with accounting principles generally accepted in the United States. Neither the Company's independent registered public accounting firm nor any other independent accountant has audited, reviewed, examined, compiled, or performed any procedures with respect to the Projections and, accordingly, none has expressed any opinion or any other form of assurance on such information or its achievability and none assumes any responsibility for the Projections.

The inclusion of the Projections should not be regarded as an indication that the Company or any other person considered, or now consider, the Projections to be a reliable prediction of future events, and does not constitute an admission or representation by any person that the expectations, beliefs, opinions, and assumptions that underlie such forecasts remain the same as of the date of this Current Report on Form 8-K, and readers are cautioned not to place undue reliance on the prospective financial information.

The estimates and assumptions underlying the Projections are subject to significant economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and many of which are beyond the control of the Company and may not prove to be accurate. The Projections also do not reflect future changes in general business or economic conditions, or any other transaction or event that may occur and that was not anticipated at the time this information was

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prepared. The Projections are not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the Projections will be achieved. The Projections are forward-looking in nature. Further, the Projections relate to multiple future years and such information by its nature becomes less predictive with each succeeding day. A meaningful amount of time has passed since the Projections were first prepared and as a result, the forward-looking information will likely vary materially from that presented in the Projections.

The above considerations should be taken into account in reviewing the Cleansing Materials, which were prepared as of an earlier date. See "Cautionary Note Regarding Forward-Looking Statements."

#### **Forward-Looking Statements**

This Current Report on Form 8-K contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Forward-looking statements generally relate to future events and include, without limitation, projections, forecasts and estimates about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans, and objectives. Some of these statements may include words such as "expects," "anticipates," "believes," "estimates," "targets," "plans," "potential," "intends," "projects," and "indicates."

Although they reflect the Company's current, good faith expectations, these forward-looking statements are not a guarantee of future performance, and involve a number of risks, uncertainties, estimates, and assumptions, which are difficult to predict. Some of the factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, the forward-looking statements include, but are not necessarily limited to: the Company's ability to negotiate and execute a successful Transaction; the finalization of the Company's quarterly and annual financial statements; completion of standard annual-close processes; the impact of filing the Chapter 11 Cases, including ongoing business and relationships with the Company's customers, suppliers, vendors, etc.; the Company's ability to complete a successful marketing process and obtain additional debtor-in-possession financing; the current noncompliance with the minimum bid requirement pursuant to the Nasdaq Listing Rules and the Company's plans to regain compliance with the rules; the Company's ability to address the convertible notes that mature in February 2026 and continue as a going concern;; the findings of the Company's internal investigations; the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures, and the potential for additional material weaknesses in the Company's internal controls over financial reporting or other potential weaknesses of which the Company is not currently aware or which have not been detected; the impact of litigation and regulatory proceedings; the impact and timing of any cost-savings measures; the termination or modification of current contracts; the duration, severity and impact of the coronavirus pandemic; laws and regulations governing remote healthcare and the practice of dentistry; the Company's relationships with vendors; and other factors described in the Company's filings with the Securities and Exchange Commission, including but not limited to the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

#### **Use of non-GAAP (Adjusted) Financial Measures**

The information furnished in the Cleansing Materials includes non-GAAP financial measures that differ from measures calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Non-GAAP revenue is defined as GAAP revenue adjusted for the impact of fresh start accounting adjustments. EBITDA is defined as net income (loss) before income taxes, interest expense, interest income and depreciation and amortization. Adjusted EBITDA is EBITDA further adjusted to exclude certain charges and other adjustments described in the Company's SEC filings. In addition, the Company believes adjusted EBITDA provides more comparability between its historical results and results that reflect purchase accounting and the Company's current capital structure. The Company also presents adjusted EBITDA because the Company believes analysts and investors utilize these measures in analyzing its results. Adjusted EBITDA measures the Company's financial performance based on operational factors that management can impact in the short-term, such as the Company's pricing strategies, volume, costs and expenses of the organization, and it presents the Company's financial performance in a way that can be more easily compared to prior quarters or fiscal years. EBITDA and adjusted EBITDA have limitations as analytical tools. EBITDA measures do not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and do not necessarily indicate whether cash flows will be sufficient to fund cash needs. Adjusted EBITDA excludes the impact of earnings or charges resulting from matters that the Company does not consider indicative of its ongoing operations but that still affect its net income. In particular, the Company's formulation of adjusted EBITDA allows adjustment for certain amounts that are included in calculating net income (loss), however, these are expenses that may recur, may vary and are difficult to predict. In addition, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation.

The Company does not provide a forward-looking reconciliation of certain forward-looking non-GAAP metrics as the amount and significance of special items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts. These special items could be meaningful. The Company presents constant currency information to provide a framework to assess how the Company's underlying businesses performance excluding the effect of foreign currency rate fluctuations.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">Retention Bonus Letter between SmileDirectClub, Inc. and Susan Greenspon Rammelt dated September 27, 2023.</a>
10.2	<a href="#">Retention Bonus Letter between SmileDirectClub, Inc. and Troy Crawford dated September 27, 2023.</a>
99.1	<a href="#">Press release, dated September 29, 2023.</a>
99.2	<a href="#">Cleansing Materials</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SMILEDIRECTCLUB, INC.**

Date: September 29, 2023

By: /s/ Troy Crawford  
Troy Crawford  
Chief Financial Officer

**Personal and Confidential**

September 27, 2023

Re: Retention Bonus

Dear Susan:

On behalf of SmileDirectClub, Inc. (the "Company"), I am pleased to offer you the opportunity to receive a cash retention bonus if you agree to the terms and conditions contained in this letter agreement (this "Agreement"), which will be effective as of the date you execute and return a copy of this Agreement (such date, the "Effective Date"). Capitalized terms used but not otherwise defined herein will have the meaning ascribed to such terms in Section 2.

1. **Retention Bonus.** Subject to the terms and conditions set forth herein, the Company (or applicable payor entity) will pay you a lump sum cash payment in the amount of \$350,000, less any necessary deductions for tax or social security (or such amount converted into the local currency in which your salary is paid, using the exchange rate as at market close on the last trading day before the payment date) (the "Retention Bonus"), with such payment to be made on the Effective Date. Once paid to you, the Retention Bonus will vest and become non-forfeitable on the earlier of the Vesting Date or your Qualifying Termination. You agree that in the event your employment with the Company terminates for any reason other than a Qualifying Termination before the Vesting Date, you will be required to repay to the Company, within 10 days of such termination, 100% of the After-Tax Value of the Retention Bonus. For the sake of clarity, you will not be required to repay any portion of the Retention Bonus if you are employed by the Company on the Vesting Date.

2. **Definitions.** For purposes of this Agreement:

**"After-Tax Value of the Retention Bonus"** means the gross amount of the Retention Bonus, net of any taxes and any other statutory deductions (for example, social security) you are required to pay, and determined taking into account any tax benefit that may be available in respect of such repayment. The Company will determine in its sole discretion and in good faith the After-Tax Value of the Retention Bonus, which determination will be conclusive and binding.

**"Cause"** has the meaning ascribed to such term in your employment, consulting or severance agreement with the Company or its affiliates, if such agreement contains a definition of "cause" for termination of employment or other applicable relationship. Otherwise, "Cause" means (a) your repeated failure to perform your reasonably assigned duties; (b) your engagement in dishonesty, gross negligence or misconduct, which, in the case of dishonesty only, has had a material adverse effect on the Company's or its affiliates' business or affairs; (c) your conviction of, or entrance of a pleading of guilty or nolo contendere to, any crime involving moral turpitude or any felony as permitted by law; (d) your material breach of any invention or non-disclosure agreement, non-competition agreement and/or non-solicitation agreement with the Company or its affiliates, as applicable; (e) your intentional misconduct or intentional failure to perform your responsibilities to the Company or its affiliates; (f) your failure to cooperate or assist with any investigation involving the Company or its affiliates; or (g) your failure to comply

with any of the Company's or its affiliates' policies, including, but not limited to, their respective harassment, workplace conduct and/or discrimination policies. The Company and its board of directors (the "**Board**") shall have the sole authority to make a finding or determination of "Cause" and a finding or determination of "Cause" by the Company or the Board shall be final and binding on all parties.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Group**" means the Company and its direct and indirect subsidiaries.

"**Disability**" means your inability, as determined by the Company in its sole discretion, to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"**Qualifying Termination**" means the termination of your employment prior to the Vesting Date (a) by the Company for a reason other than Cause, or (b) due to your death or Disability, in each case, if, and only if, you execute (or, in the case of your death, a duly authorized representative acting on your behalf executes) a release in full satisfaction of all claims against the Company Group in such form and substance as may be reasonably prescribed by, and acceptable to, the Company (the "**Release**"), and such Release becomes irrevocable, within 60 days of your date of termination, in which case, the effective date of the Qualifying Termination will be deemed to have occurred on your date of termination. For the sake of clarity, a termination of employment will not be a Qualifying Termination if you do not execute, or if you revoke, the Release, in which case, you will be required to repay the After-Tax Value of the Retention Bonus within 10 days after the expiration of such 60-day period.

"**Vesting Date**" means the first to occur of (a) the 6-month anniversary of the Effective Date, or (b) consummation of a transaction, including but not limited to, a sale of assets, a sale of equity, or a merger, pursuant to which an independent third party acquires control of all of the business and assets of the Company Group.

3. **Confidentiality of this Agreement.** You must keep the terms and conditions of this Agreement strictly confidential, except for disclosures to your immediate family and any tax, legal or other counsel that you have consulted regarding this Agreement, whom you will instruct not to disclose the same, and disclosures specifically authorized or required or permitted by law.

4. **Withholding Taxes.** The Company or applicable payor entity may withhold from the Retention Bonus payable to you hereunder such federal, state and local taxes and any deductions for or in relation to social security (or, in each case, their equivalents in your jurisdiction of employment) as the Company or applicable payor entity determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

5. **No Right to Continued Employment.** Nothing in this Agreement will confer upon you any right to continued employment with the Company Group (or their respective successors) or to interfere in any way with the right of the Company Group (or their respective successors) to terminate your employment at any time and for any or no reason or, where

applicable in your jurisdiction of employment, to terminate your employment in accordance with your service contract and local employment law requirements.

6. **Other Arrangements.** The Retention Bonus is a special payment to you and will not be taken into account in computing the amount of salary or compensation for purposes of determining any bonus, incentive, pension, retirement, death or other benefit under any other bonus, incentive, pension, retirement, insurance or other employee benefit plan of the Company Group, unless such plan or agreement expressly provides otherwise.

7. **Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of Tennessee, without reference to rules relating to conflicts of laws.

8. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

9. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the Retention Bonus and supersedes any and all prior agreements or understandings between you and the Company with respect to the Retention Bonus, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

10. **Section 409A Compliance.** Although the Company does not guarantee the tax treatment of the Retention Bonus, the intent of the parties is that the Retention Bonus be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (if applicable), and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

11. **Administration.** The Company will have full power and authority to construe and interpret this Agreement, and any interpretation by the Company will be binding on you and your representatives and will be accorded the maximum deference permitted by law. The Company, in its sole discretion, will have the right to modify, supplement, suspend or terminate this Agreement at any time; provided, that, except as required by law, in no event will any such action adversely affect your rights without your prior written consent. Subject to the foregoing, this Agreement will terminate upon the satisfaction of all obligations of the Company or its successor entities hereunder.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

This Agreement is intended to be a binding obligation on you and the Company. If this Agreement accurately reflects your understanding as to the terms and conditions of the Retention Bonus, please sign, date and return to me one copy of this Agreement. You should make a copy of the executed Agreement for your records.

Very truly yours,

**SMILEDIRECTCLUB, INC.**

/s/ Steven Katzman

Name: Steven Katzman  
Title: Chief Operating Officer

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of the Retention Bonus, and I hereby confirm my agreement to the same.

/s/ Susan Greenspon Rammelt  
Susan Greenspon Rammelt

Dated: September 27, 2023

**Personal and Confidential**

September 27, 2023

Re: Retention Bonus

Dear Troy:

On behalf of SmileDirectClub, Inc. (the "Company"), I am pleased to offer you the opportunity to receive a cash retention bonus if you agree to the terms and conditions contained in this letter agreement (this "Agreement"), which will be effective as of the date you execute and return a copy of this Agreement (such date, the "Effective Date"). Capitalized terms used but not otherwise defined herein will have the meaning ascribed to such terms in Section 2.

1. **Retention Bonus.** Subject to the terms and conditions set forth herein, the Company (or applicable payor entity) will pay you a lump sum cash payment in the amount of \$300,000, less any necessary deductions for tax or social security (or such amount converted into the local currency in which your salary is paid, using the exchange rate as at market close on the last trading day before the payment date) (the "Retention Bonus"), with such payment to be made on the Effective Date. Once paid to you, the Retention Bonus will vest and become non-forfeitable on the earlier of the Vesting Date or your Qualifying Termination. You agree that in the event your employment with the Company terminates for any reason other than a Qualifying Termination before the Vesting Date, you will be required to repay to the Company, within 10 days of such termination, 100% of the After-Tax Value of the Retention Bonus. For the sake of clarity, you will not be required to repay any portion of the Retention Bonus if you are employed by the Company on the Vesting Date.

2. **Definitions.** For purposes of this Agreement:

**"After-Tax Value of the Retention Bonus"** means the gross amount of the Retention Bonus, net of any taxes and any other statutory deductions (for example, social security) you are required to pay, and determined taking into account any tax benefit that may be available in respect of such repayment. The Company will determine in its sole discretion and in good faith the After-Tax Value of the Retention Bonus, which determination will be conclusive and binding.

**"Cause"** has the meaning ascribed to such term in your employment, consulting or severance agreement with the Company or its affiliates, if such agreement contains a definition of "cause" for termination of employment or other applicable relationship. Otherwise, "Cause" means (a) your repeated failure to perform your reasonably assigned duties; (b) your engagement in dishonesty, gross negligence or misconduct, which, in the case of dishonesty only, has had a material adverse effect on the Company's or its affiliates' business or affairs; (c) your conviction of, or entrance of a pleading of guilty or nolo contendere to, any crime involving moral turpitude or any felony as permitted by law; (d) your material breach of any invention or non-disclosure agreement, non-competition agreement and/or non-solicitation agreement with the Company or its affiliates, as applicable; (e) your intentional misconduct or intentional failure to perform your responsibilities to the Company or its affiliates; (f) your failure to cooperate or

assist with any investigation involving the Company or its affiliates; or (g) your failure to comply with any of the Company's or its affiliates' policies, including, but not limited to, their respective harassment, workplace conduct and/or discrimination policies. The Company and its board of directors (the "**Board**") shall have the sole authority to make a finding or determination of "Cause" and a finding or determination of "Cause" by the Company or the Board shall be final and binding on all parties.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Group**" means the Company and its direct and indirect subsidiaries.

"**Disability**" means your inability, as determined by the Company in its sole discretion, to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"**Qualifying Termination**" means the termination of your employment prior to the Vesting Date (a) by the Company for a reason other than Cause, or (b) due to your death or Disability, in each case, if, and only if, you execute (or, in the case of your death, a duly authorized representative acting on your behalf executes) a release in full satisfaction of all claims against the Company Group in such form and substance as may be reasonably prescribed by, and acceptable to, the Company (the "**Release**"), and such Release becomes irrevocable, within 60 days of your date of termination, in which case, the effective date of the Qualifying Termination will be deemed to have occurred on your date of termination. For the sake of clarity, a termination of employment will not be a Qualifying Termination if you do not execute, or if you revoke, the Release, in which case, you will be required to repay the After-Tax Value of the Retention Bonus within 10 days after the expiration of such 60-day period.

"**Vesting Date**" means the first to occur of (a) the 6-month anniversary of the Effective Date, or (b) commencement of any transaction pursuant to a sale of assets, a sale of equity or a merger pursuant to which an independent third party acquires control of all of the business and assets of the Company Group.

3. **Confidentiality of this Agreement.** You must keep the terms and conditions of this Agreement strictly confidential, except for disclosures to your immediate family and any tax, legal or other counsel that you have consulted regarding this Agreement, whom you will instruct not to disclose the same, and disclosures specifically authorized or required or permitted by law.

4. **Withholding Taxes.** The Company or applicable payor entity may withhold from the Retention Bonus payable to you hereunder such federal, state and local taxes and any deductions for or in relation to social security (or, in each case, their equivalents in your jurisdiction of employment) as the Company or applicable payor entity determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

5. **No Right to Continued Employment.** Nothing in this Agreement will confer upon you any right to continued employment with the Company Group (or their respective successors) or to interfere in any way with the right of the Company Group (or their

respective successors) to terminate your employment at any time and for any or no reason or, where applicable in your jurisdiction of employment, to terminate your employment in accordance with your service contract and local employment law requirements.

**6. Other Arrangements.** The Retention Bonus is a special payment to you and will not be taken into account in computing the amount of salary or compensation for purposes of determining any bonus, incentive, pension, retirement, death or other benefit under any other bonus, incentive, pension, retirement, insurance or other employee benefit plan of the Company Group, unless such plan or agreement expressly provides otherwise.

**7. Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of Tennessee, without reference to rules relating to conflicts of laws.

**8. Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

**9. Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the Retention Bonus and supersedes any and all prior agreements or understandings between you and the Company with respect to the Retention Bonus, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

**10. Section 409A Compliance.** Although the Company does not guarantee the tax treatment of the Retention Bonus, the intent of the parties is that the Retention Bonus be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (if applicable), and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

**11. Administration.** The Company will have full power and authority to construe and interpret this Agreement, and any interpretation by the Company will be binding on you and your representatives and will be accorded the maximum deference permitted by law. The Company, in its sole discretion, will have the right to modify, supplement, suspend or terminate this Agreement at any time; provided, that, except as required by law, in no event will any such action adversely affect your rights without your prior written consent. Subject to the foregoing, this Agreement will terminate upon the satisfaction of all obligations of the Company or its successor entities hereunder.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

This Agreement is intended to be a binding obligation on you and the Company. If this Agreement accurately reflects your understanding as to the terms and conditions of the Retention Bonus, please sign, date and return to me one copy of this Agreement. You should make a copy of the executed Agreement for your records.

Very truly yours,

**SMILEDIRECTCLUB, INC.**

/s/ Steven Katzman

Name: Steven Katzman  
Title: Chief Operating Officer

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of the Retention Bonus, and I hereby confirm my agreement to the same.

/s/ Troy Crawford  
Troy Crawford

Dated: September 27, 2023

**SmileDirectClub Seeks to Execute Comprehensive Recapitalization to Strengthen the Business for Sustainable Growth***Company Intends to Maintain Normal Operations, Transforming Smiles Without Disruption*

NASHVILLE, Tenn., September 29, 2023 (GLOBE NEWSWIRE) -- SmileDirectClub, Inc. (Nasdaq: SDC, "the Company"), the next generation oral care Company with the first medtech platform for teeth straightening, today announced a process to implement a comprehensive recapitalization transaction. The additional capital and stronger financial position from this recapitalization is intended to bolster the Company's balance sheet and fuel growth initiatives to allow SmileDirectClub to thrive as an international oral care leader for many years to come.

SmileDirectClub will seek to recapitalize through a transaction where the Company's founders have committed to invest at least \$20 million to bolster the Company's balance sheet and to protect its near- and long-term financial health. Up to \$60 million of additional capital is available upon satisfaction of certain conditions, including the favorable conclusion of a marketing process. The founders' investment in the Company reflects their commitment to SmileDirectClub's mission of democratizing access to premium oral care, as well their conviction in the success of the recently launched SmileMaker Platform and CarePlus growth initiatives. To effectuate the transaction, SmileDirectClub has voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas.

During this restructuring process, SmileDirectClub intends to continue to provide affordable and accessible oral care to its customers without disruption. The additional liquidity the Company received from its founders, coupled with its normal operating cash flows, is intended to ensure SmileDirectClub is able to continue meeting commitments to stakeholders without disruption throughout this process.

"At SmileDirectClub, we are committed to delivering a premium customer experience and helping over 2 million customers achieve a smile they love. We are taking this step today to help ensure we are well positioned to build upon the success of our SmileMaker Platform and CarePlus offering and to continue our mission of providing safe, convenient, and effective oral care to our customers," said David Katzman, Chief Executive Officer of SmileDirectClub. "This transaction is designed to ensure our future financial structure reflects the talent of our team members and the quality of our business, and I am excited about the future ahead. I look forward to continuing to work alongside leadership and our talented team to transform smiles with the reliability and quality our customers deserve."

For more information about the Company's Chapter 11 case, including claims information, please visit <https://restructuring.ra.kroll.com/SmileDirectClub> or contact Kroll, the Company's noticing and claims agent, at 844-626-7278 (for toll-free U.S. and Canada calls) or 646-651-1180 (for tolled international calls).

SmileDirectClub is represented in this matter by Kirkland & Ellis LLP as legal counsel, FTI Consulting as financial advisor, and Centerview Partners as investment banker.

**About SmileDirectClub** SmileDirectClub, Inc. (Nasdaq: SDC) (“SmileDirectClub”) is an oral care company and creator of the first medtech platform for teeth straightening. Through its cutting-edge telehealth technology and vertically integrated model, SmileDirectClub is revolutionizing the oral care industry. SmileDirectClub’s mission is to democratize access to a smile each and every person loves by making it affordable and convenient for everyone. SmileDirectClub is headquartered in Nashville, Tennessee, USA. For more information, please visit [SmileDirectClub.com](https://SmileDirectClub.com).

#### **Forward-Looking Statements**

This press release contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Forward-looking statements generally relate to future events and include, without limitation, projections, forecasts and estimates about possible or assumed future results of the Company’s business, financial condition, liquidity, results of operations, plans, and objectives. Some of these statements may include words such as “expects,” “anticipates,” “believes,” “estimates,” “targets,” “plans,” “potential,” “intends,” “projects,” and “indicates.” Although they reflect the Company’s current, good faith expectations, these forward-looking statements are not a guarantee of future performance, and involve a number of risks, uncertainties, estimates, and assumptions, which are difficult to predict. Some of the factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, the forward-looking statements include, but are not necessarily limited to: the Company’s ability to complete a successful marketing process and obtain additional debtor-in-possession financing; the Company’s ability to negotiate and execute a on potential transaction; the finalization of the Company’s quarterly and annual financial statements; completion of standard annual-close processes; the impact of filing the Chapter 11 Cases, including on ongoing business and relationships with the Company’s customers, suppliers, vendors, etc.; the current noncompliance with the minimum bid requirement pursuant to the Nasdaq Listing Rules and the Company’s plans to regain compliance with the rules; the Company’s ability to address the convertible notes that mature in February 2026 and continue as a going concern;; the findings of the Company’s internal investigations; the effectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures, and the potential for additional material weaknesses in the Company’s internal controls over financial reporting or other potential weaknesses of which the Company is not currently aware or which have not been detected; the impact of litigation and regulatory proceedings; the impact and timing of any cost-savings measures; the termination or modification of current contracts; the duration, severity and impact of the coronavirus pandemic; laws and regulations governing remote healthcare and the practice of dentistry; the Company’s relationships with vendors; and other factors described in the Company’s filings with the Securities and Exchange Commission, including but not limited to the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

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# 2023-2025 Core Business Guidance

Exhibit 99.2

Core business guidance assume relatively flat environment with the potential for significant growth when new initiatives gain traction

## Core Business Guidance

- **Revenue:** remains relatively flat through 2025
  - Represents core business only and does not include new initiatives SMP and CarePlus
  - Aligner revenue growth driven by pricing increases and increased store count with total volume expected to be flat
  - Growth offset by decreasing retainer revenue and interest income
- **Gross Margin:** expansion of ~350bps from FY 2023 (74%) to FY 2025 (78%)
  - Higher pricing and volume efficiencies increase gross margin
- **Adj. EBITDA:** flat-to-slightly down from 2023 to 2025
  - Increased store count and inflation impacts base costs
  - Margin improvement from run-rate cost savings initiatives commenced in Q1'23
  - Run-rate impact from modest incremental marketing efficiency in Q1'24
- **Capex:** remains flat at 2023 levels as SMP and CarePlus are built out, with no additional initiatives and minimal capital outlay for additional SmileShops
- **One-Time Costs:** comprised of reorganization costs and professional fees

## Growth Initiatives (SmileMaker and CarePlus) Potential Contribution

- **Revenue:** potential for ~\$400 million in incremental contribution through 2025
  - **SmileMaker:**
    - Incremental sales are driven by more efficient lead generation, resulting in increased leads from same marketing spend
    - Majority of marketing spend allocated to SmileMaker by year-end 2023
  - **CarePlus:**
    - Assumes CarePlus priced at \$3,900
    - Incremental sales driven by planned U.S. nationwide launch to all SmileShops in Q3 2023
- **EBITDA:** potential for ~\$250 million in incremental contribution through 2025
  - Expansion driven by leveraging Core Business operating expense base to drive incremental margins



## 2023-2025 Potential Full Business Outlook

	Net Revenue	Gross Margin	Operating Income	Adj. EBITDA <sup>(1)</sup>	Capex	Change in NWC <sup>(2)</sup>	One-Time Costs <sup>(3)</sup>
<b>2023E</b>							
Core Business Guidance	\$400M to \$450M	72.0% to 75.0%	(\$140M) to (\$100M)	(\$50M) to (\$20M)	\$30M to \$35M	10M	\$12M to \$15M
Growth Initiatives Potential Contribution <sup>(4)</sup>	25M	90.0%	10M	10M	-	-	-
<b>Potential Full Business</b>	<b>\$425M to \$475M</b>	<b>73.0% to 76.0%</b>	<b>(\$130M) to (\$90M)</b>	<b>(\$40M) to (\$10M)</b>			
<b>2024E</b>							
Core Business Guidance	\$400M to \$450M	75.0% to 78.0%	(\$120M) to (\$80M)	(\$40M) to (\$10M)	\$30M to \$35M	-	\$8M to \$12M
Growth Initiatives Potential Contribution	165M	87.0%	110M	110M	-	(50M)	-
<b>Potential Full Business</b>	<b>\$565M to \$615M</b>	<b>78.0% to 81.0%</b>	<b>(\$10M) to \$30M</b>	<b>\$70M to \$100M</b>			
<b>2025E</b>							
Core Business Guidance	\$400M to \$450M	76.0% to 79.0%	(\$120M) to (\$80M)	(\$50M) to (\$10M)	\$30M to \$35M	-	-
Growth Initiatives Potential Contribution	195M	88.0%	130M	130M	-	(20M)	-
<b>Potential Full Business</b>	<b>\$595M to \$645M</b>	<b>79.0% to 82.0%</b>	<b>\$10M to \$50M</b>	<b>\$80M to \$120M</b>			



- (1) Adjusted EBITDA is a non-GAAP financial measure. Prior period reconciliations are available in historical SEC filings at <https://investors.smiledirectclub.com/financial-filings/sec-filings>.
- (2) Increase in net working capital due to growth in sales driving increased accounts receivables related to Company's SmilePay financing program. Approximately 93% of the 2024 net working capital outflow is forecasted to occur in the first half of the year.
- (3) Comprised of reorganization costs and professional fees.
- (4) Potential growth initiative contributions weighted to second half of 2023 due to timing of market launches.

## Key Asset Detail

(\$ in millions)	SDC U.S. SmilePay SPV	SmileDirectClub, LLC	Access Dental Lab, LLC	SmileFarm, LLC	Other Entities	Total
Gross A/R	\$179.7	\$38.6	\$1.4	\$0.3	–	\$219.8
(+) Other Receivables	–	3.7	–	–	–	3.7
(-) Unearned Interest	–	(2.9)	–	–	–	(2.9)
Total Gross A/R	\$179.7	\$39.4	\$1.4	\$0.3	–	\$220.7
(-) Allowance for Doubtful Accounts	–	(25.9)	–	–	–	(25.9)
(-) Cancellation Reserve	–	(11.2)	–	–	–	(11.2)
Net A/R (Book Value)	\$179.7	\$2.3	\$1.4	\$0.3	–	\$183.5
Software Assets	–	118.7	0.0	–	–	118.7
Inventories Net	–	43.4	(3.4)	–	–	40.0
Computer Equipment	–	2.4	0.0	0.7	–	3.1
Furniture and Fixtures	–	5.1	0.3	0.4	–	5.8
Medical Equipment	–	14.3	11.0	1.1	–	26.4
iTeros	–	3.4	–	2.8	–	6.2
Smilebus, Trucks, Automobiles	–	3.9	–	–	–	3.9
<b>Total Key Assets</b>	<b>\$179.7</b>	<b>\$193.5</b>	<b>\$9.2</b>	<b>\$5.3</b>	<b>\$–</b>	<b>\$387.6</b>
(+) Cash Reserve Account	27.1	–	–	–	–	27.1
(+) Excess Cash	5.3	53.2	0.7	–	–	59.2
(+) Other Assets	0.3	53.6	4.4	13.4	–	98.8
<b>Total Asset Value (excluding SPV IP)</b>	<b>\$212.3</b>	<b>\$300.3</b>	<b>\$14.3</b>	<b>\$18.7</b>	<b>\$–</b>	<b>\$545.6</b>

 Existing HPS Collateral

**smile** Source: Company data as at 3/31/23. Subsidiary balance sheet - Unaudited.  
Note: Represents net book value of assets.

