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As filed with the Securities and Exchange Commission on August 16, 2019.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SmileDirectClub, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**3843**	**83-4505317**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

SmileDirectClub, Inc.
414 Union Street
Nashville, Tennessee 37219
(800) 848-7566
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David Katzman
Chief Executive Officer
SmileDirectClub, Inc.
414 Union Street
Nashville, Tennessee 37219
(800) 848-7566
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

David J. Goldschmidt, Esq.	**Marc D. Jaffe, Esq.**
Skadden, Arps, Slate, Meagher & Flom LLP	**Stelios G. Saffos, Esq.**
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New York, New York 10036	**885 Third Avenue**
Telephone: (212) 735-3000	**New York, New York 10022-4834**
Facsimile: (212) 735-2000	**Telephone: (212) 906-1200**
	Facsimile: (212) 751-4864

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o | Accelerated filer o | Non-accelerated filer ☒ | Smaller reporting company o
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 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Class A Common Stock, $0.0001 par value per share	$100,000,000.00	$12,120.00

(1) Includes shares which may be sold pursuant to the underwriters' option to purchase additional shares, solely to cover over-allotments, if any.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

(3) To be paid in connection with the initial filing of the registration statement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS, DATED , 2019

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

shares

Class A common stock

$ per share

This is the initial public offering of shares of Class A common stock of SmileDirectClub, Inc. We are offering shares of our Class A common stock.

We intend to use all of the net proceeds we receive from this offering to purchase newly issued limited liability company units from SDC Financial LLC, our subsidiary. SDC Financial LLC intends to use approximately $ of the net proceeds (or approximately $ if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) to purchase limited liability company units of SDC Financial LLC from existing holders thereof.

Prior to this offering, there has been no public market for our Class A common stock. We anticipate that the initial public offering price will be between $ and $ per share. Upon completion of this offering, we will have two authorized classes of common stock: the Class A common stock offered hereby, which will have one vote per share, and Class B common stock, which will have ten votes per share and no economic rights. We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "SDC."

After the completion of this offering, pursuant to a Voting Agreement, David Katzman, our Chairman and Chief Executive Officer, will control a majority of the voting power of shares eligible to vote in the election of our directors. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ. See "*Management—Controlled Company Exception*" and "*Certain Relationships and Related Party Transactions—Voting Agreement*."

We are an "emerging growth company" under the federal securities laws and, as such, will be subject to reduced public company reporting requirements. See "*Summary—Implications of Being an Emerging Growth Company*."

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 26.

Neither the Securities and Exchange Commission (the "SEC") nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	$	$
Underwriting discount and commissions(a)	$	$
Proceeds before expenses	$	$

(a) See "*Underwriting (Conflicts of Interest)*" for a complete description on the compensation payable to the underwriters.

We have granted the underwriters the option to purchase up to an additional shares of Class A common stock, solely to cover over-allotments, if any.

The underwriters expect to deliver the shares against payment in New York, New York on , 2019 through the book-entry facilities of The Depository Trust Company.

J.P. Morgan **Citigroup**

BofA Merrill Lynch **Jefferies** **UBS Investment Bank** **Credit Suisse**

Guggenheim Securities **Stifel** **William Blair** **Loop Capital Markets**

Prospectus dated , 2019

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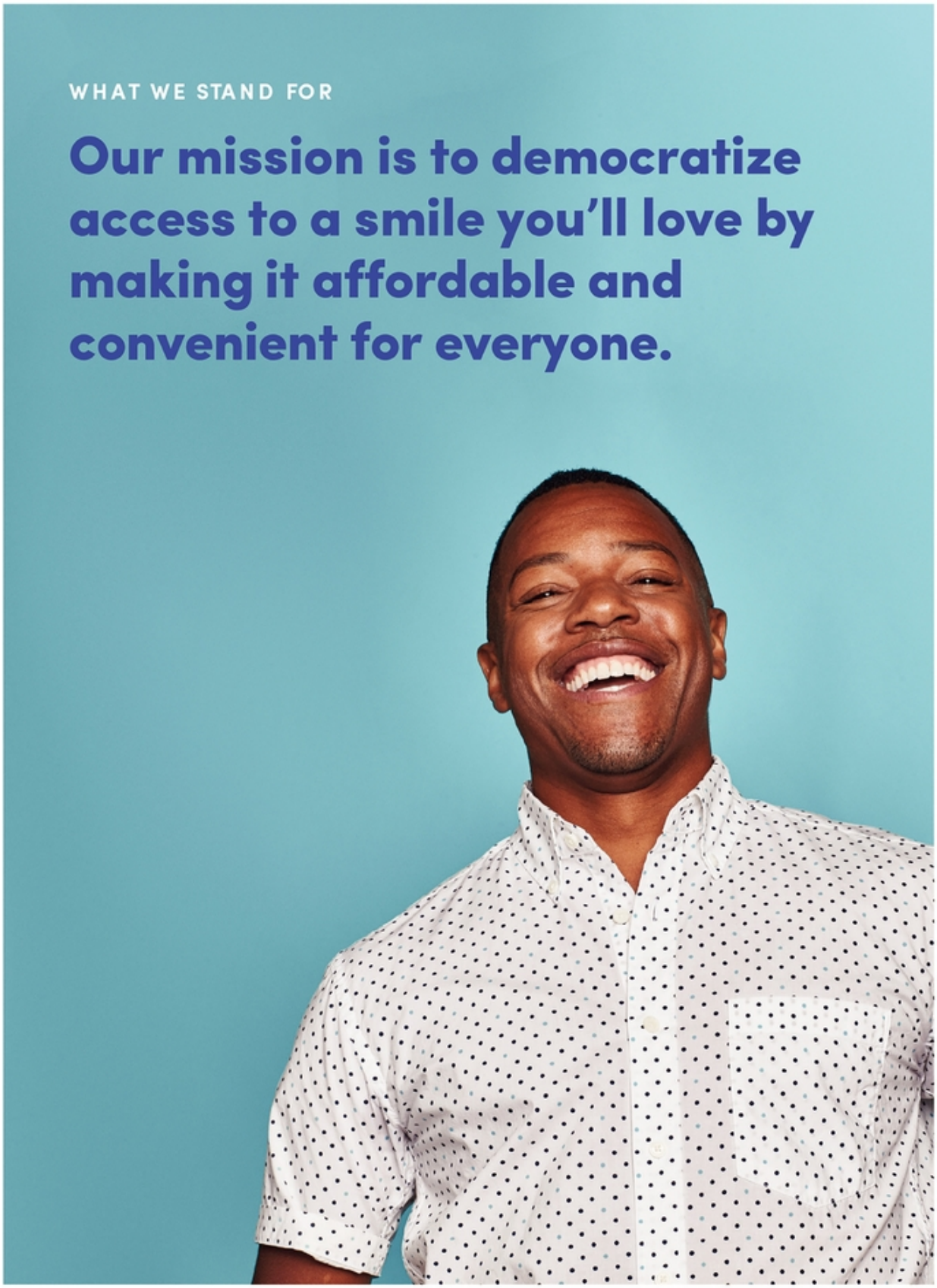

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We use teledentistry to offer clear aligners affordably and conveniently.

Traditional orthodontic model		smile DIRECT CLUB
Cost		
$5,000 – $8,000		$1,895
Convenience		
10 – 15 orthodontist visits		Doctor-directed remote teledentistry Zero in-office visits required
12 – 24 months		5 – 10 months
Access		
Limited access to treatment *(Only 40% of U.S. counties have orthodontists)*		Access across U.S., Canada, Australia & U.K. with impression kits and 300+ SmileShops
Financing		
Limited by poor credit		Captive financing for accessible credit

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How it works.

1 3D image.

Take a free 3D image at a SmileShop or SmileBus.

or

Impression kit.

Purchase an easy-to-use, prescribed impression kit online. When done, drop the impression kit in the mail and upload required photos.

2 Building new smiles.

Within 48 hours, a duly licensed dentist or orthodontist reviews the clinical information and prescribes aligners if appropriate. The average treatment plan is 6 months.

3 Aligners ship directly.

3–4 weeks later, our in-house manufactured custom-made aligners are shipped, all at once.

4 Checking in.

The treating duly licensed doctor reviews clinical progress through our remote teledentistry platform at least every 90 days.

5 Smiles are forever.

Once the smile journey is completed, members can buy retainers and our other products to help maintain a smile they'll love.

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By the numbers.

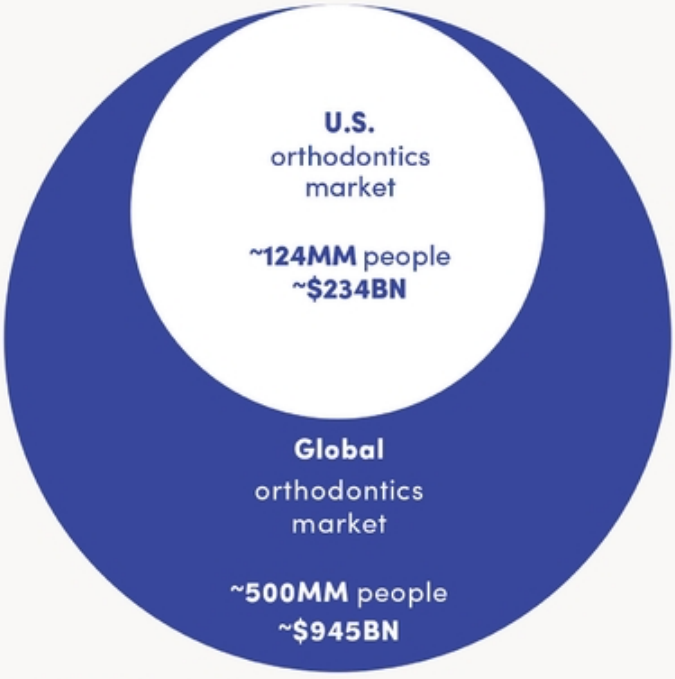
~5MM
Unique monthly web visitors

4 Countries served

300+
SmileShops

The TAM is expanding as we make clear aligners more accessible to consumers.

~85% of people worldwide have malocclusion, with <1% treated annually.



Source: Frost & Sullivan. The TAM is calculated as the total number of individuals with malocclusion filtered by our age and income demographics.

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Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus, any amendment or supplement to this prospectus, or any free writing prospectus prepared by us or on our behalf. Neither we nor the underwriters take any responsibility for, or can provide any assurance as to the reliability of, any information other than the information in this prospectus, any amendment or supplement to this prospectus, or any free writing prospectus prepared by us or on our behalf. We and the underwriters are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales thereof are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our shares. Our business, prospects, financial condition, and results of operations may have changed since that date.

ABOUT THIS PROSPECTUS

Basis of Presentation

In connection with the consummation of this offering, we will effect certain reorganizational transactions, which we refer to collectively as the "Reorganization Transactions." Unless otherwise stated or the context otherwise requires, all information in this prospectus reflects the consummation of the Reorganization Transactions and the consummation of this offering. See "*Organizational Structure*" in this prospectus for a description of the Reorganization Transactions and a diagram depicting our organizational structure after giving effect to the Reorganization Transactions, the consummation of this offering, and the use of proceeds therefrom.

As used in this prospectus, unless otherwise indicated or the context otherwise requires, references to "we," "us," "our," the "Company," "SmileDirectClub," and similar references refer: (i) prior to the consummation of the Reorganization Transactions and this offering, to SDC Financial LLC and its consolidated subsidiaries; and (ii) following the consummation of the Reorganization Transactions and this offering, to SmileDirectClub, Inc., the issuer of the Class A common stock offered hereby, and its consolidated subsidiaries, including SDC Financial LLC and its subsidiaries. We also refer to SDC Financial LLC as "SDC Financial" and to SmileDirectClub, Inc. as "SDC Inc." or the "Issuer." We are engaged by our network of doctors to provide a suite of non-clinical administrative support services, including access to and use of SmileCheck (as defined herein), as a dental support organization ("DSO"). For purposes of this filing, our affiliated network of dentists is included in the definition of "we," "us," "our," and the "Company" as it relates to any clinical aspect of the member's treatment. All of our manufacting operations are directly or indirectly conducted by Access Dental Lab, LLC ("Access Dental"), one of our operating subsidiaries.

Following the consummation of the Reorganization Transactions and this offering, we will be a holding company. Our sole material asset will be our equity interest in SDC Financial. SDC Financial is considered the predecessor of SDC Inc. for accounting purposes, and its historical consolidated financial statements will be our historical consolidated financial statements following this offering.

Numerical figures included in this prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them. Information on pricing and financing of our aligners in this prospectus is based on U.S. pricing and financing unless expressly stated otherwise. Pricing and financing outside the U.S. may vary.

As used in this prospectus, "malocclusion" means imperfect positioning of the teeth.

Market, Industry, and Other Data

This prospectus includes estimates regarding market and industry data and forecasts, which are based on publicly available information, industry publications and surveys, reports from government agencies, and our own estimates based on our management's knowledge of, and experience in, the industry and markets in which we compete. Certain addressable market size data included in this prospectus is based on independent research of Frost & Sullivan that was commissioned by us for inclusion herein. Frost & Sullivan is a leading global research and consulting firm.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources, and on our knowledge of, and our experience to date in, the markets for our products. Market data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process, and other limitations inherent in any statistical survey of market data. In addition, customer preferences are subject to change. Accordingly, you are cautioned not to place undue reliance on such market data. References herein to our being a leader in a

market or product category refer to our belief that we have a leading market share position in such specified market based on sales dollars, unless the context otherwise requires.

Certain statistical data estimates and forecasts contained in this prospectus are based on the following independent industry publications or reports:

- Cone Communications, Inc., "Americans More Loyal and Willing to Defend Purpose-Driven Brands," May 30, 2018;
- eMarketer, "US Ad Spending 2018: Updated Forecast for Digital and Traditional Media Ad Spending," October 2018;
- Forbes, "Brands are Winning Thanks to an Omnichannel Approach to E-Commerce," August 1, 2018;
- PatientEngagementHTI, "77% of Patients Want Access to Virtual care, Telehealth," June 20, 2017;
- RealSelf, "More than 1 in 3 U.S. Adults are Considering a Nonsurgical or Surgical Cosmetic Treatment in the Next 12 Months," September 26, 2018; and
- West Monroe Partners, "Improving the Dental Patient Experience," May 17, 2017.

This prospectus includes references to our Net Promoter Score. Net Promoter Score is a metric used for measuring customer satisfaction and loyalty. We calculate our Net Promoter Score by asking members the following question: "On a scale of 0-10, how likely is it that you would recommend SmileDirectClub to your friends, family or business associates?" Members rating us 6 or below are considered "Detractors," 7 or 8 are considered "Passives," and 9 or 10 are considered "Promoters." To calculate our Net Promoter Score, we subtract the percentage of Detractors from the percentage of Promoters. For example, if 50% of respondents were Promoters and 10% were Detractors, our Net Promoter score would be 40. This method is consistent with how businesses across the dental and other industries typically calculate their Net Promoter Score, although some may rephrase "friends, family, or business associates," using terms with similar meaning, such as "friends or colleagues."

Trademarks, Service Marks, and Trade Names

We own or license the trademarks, service marks, and trade names that we use in connection with the operation of our business, including our corporate names, logos, and website names. This prospectus also may contain trademarks, service marks, trade names, and copyrights of other companies, which are the property of their respective owners. Solely for convenience, the trademarks, service marks, trade names, and copyrights referred to in this prospectus are listed without the TM, SM, ©, and ® symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors, if any, to these trademarks, service marks, trade names, and copyrights.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before deciding to invest in shares of our Class A common stock. You should read this entire prospectus carefully, including the "Risk Factors" section immediately following this summary, "Cautionary Statement Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes thereto included elsewhere in this prospectus, before making an investment decision to purchase shares of our Class A common stock.

Our Company

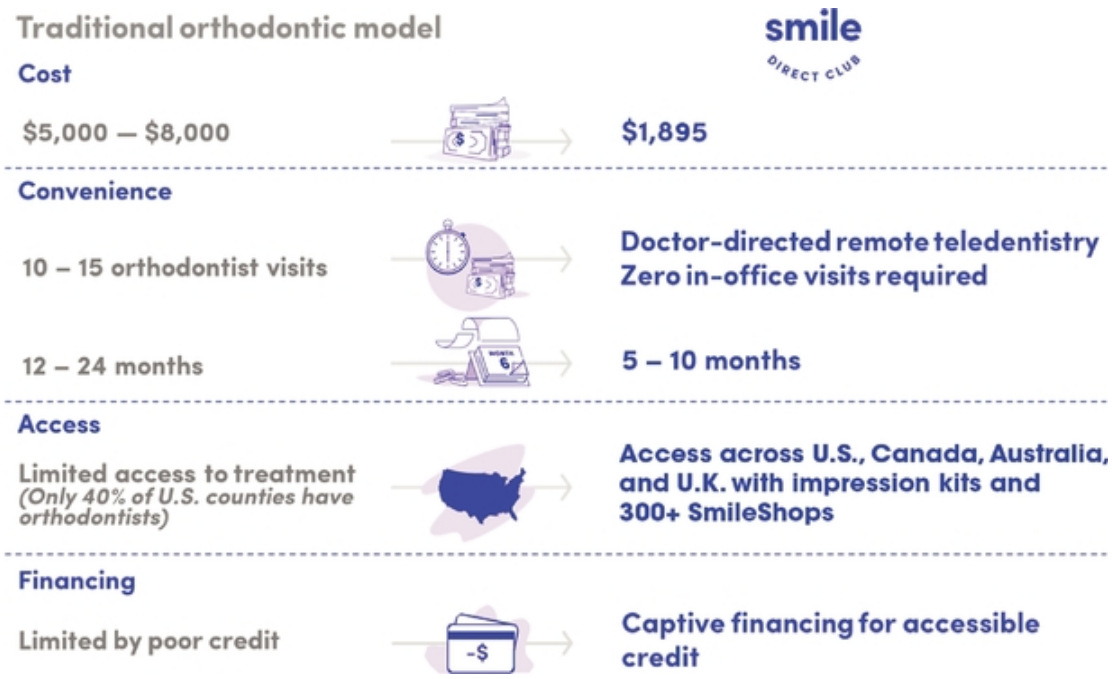
SmileDirectClub was founded on one simple belief: everyone deserves a smile they love.

We are the industry pioneer as the first direct-to-consumer medtech platform for transforming smiles. Through our cutting-edge teledentistry technology and vertically integrated model, we are revolutionizing the oral care industry.

Our clear aligner treatment addresses the large and underserved global orthodontics market. An estimated 85% of people worldwide suffer from malocclusion, yet less than 1% receive treatment annually. Our goal is to improve penetration into this untapped market by democratizing access to a more affordable, convenient, and accessible solution for a straighter smile. We believe we are the leading player in this early but massive opportunity.

The traditional orthodontic model, which includes both metal braces and clear aligner treatment administered through in-office doctor visits, suffers from many limitations; it is cost-prohibitive for many people, requires multiple inconvenient in-person appointments, and is not widely accessible. Specifically, traditional orthodontic solutions typically cost $5,000–$8,000 or more, require a series of time-consuming visits during limited hours, and are available in less than 40% of the counties in the U.S. alone.

We have disrupted the traditional orthodontic model by offering the following benefits:



Our vertically integrated model enables us to solve critical problems around cost, convenience, and access to care. We offer professional-level service and high-quality clear aligners at a cost of $1,895, up to 60% less than traditional orthodontic solutions. We achieve this cost savings while maintaining high quality by removing the overhead cost of in-person doctor visits and managing the entire member experience, all the way from marketing to aligner manufacturing, fulfillment, treatment by a member's doctor, and monitoring through completion of their treatment, which is supported by our proprietary teledentistry platform ("SmileCheck"). These efficiencies enable us to pass the cost savings directly to the members and allow doctors in our network to focus on what matters most: providing convenient access to excellent clinical care. To further democratize access to care, we offer our members the option of paying the entire cost of their treatment upfront or enrolling in our financing program ("SmilePay"), a convenient monthly payment plan. We also accept insurance and as of 2019, are in-network with United Healthcare and Aetna.

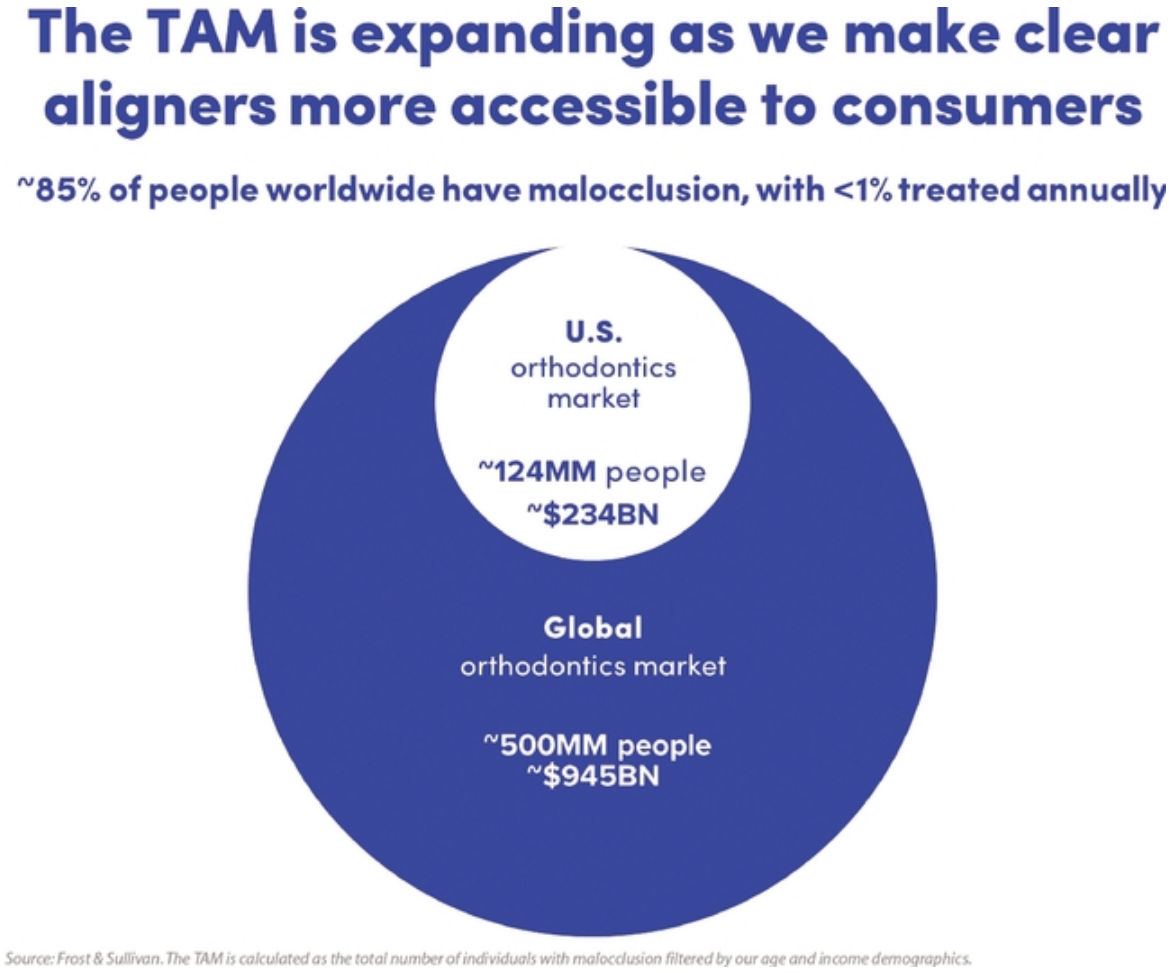
Our primary focus is on delivering an exceptional customer ("member") experience. Our average net promoter score of 57 since inception, compared to an average net promoter score of 1 for the entire dental industry (according to West Monroe Partners), and our average rating of 4.9 out of 5 from over 100,000 member reviews on our website, demonstrate that our members are highly satisfied. As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee, which provides members a refund or additional treatment, at no extra cost, if they are not entirely satisfied.

Since our founding in 2014, we have helped over 700,000 members across all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K., and have opened over 300 SmileShops, including in partnership with CVS and Walgreens. Our total revenues increased 190%, to $423.2 million in 2018 from $146.0 million in 2017. Our total revenues for the six months ended June 30, 2019 were $373.5 million, an increase of 113% over the same time period in 2018. We generated net losses of $(74.8) million and $(32.8) million and Adjusted EBITDA of $(16.9) million and $(21.1) million in 2018 and 2017, respectively, and net losses of $(52.9) million and Adjusted EBITDA of $2.3 million for the six months ended June 30, 2019. Our rapid growth validates our value proposition and compelling business model.

Our Market Opportunity

The global orthodontics market is large and underserved. Approximately 85% of people worldwide have malocclusion, with less than one percent treated annually. We believe that our aligner treatment can help over 90% of people with malocclusion, to some extent, to achieve a better smile.

The market is expanding as we make clear aligners more accessible to consumers. Our total market is greater than 120 million people in the U.S. and approximately 500 million people globally, based on total malocclusion prevalence and age and income demographics. We believe over 90% of this market is addressable today and we are in the very early stages of penetrating this opportunity. Furthermore, to address our global opportunity, we launched in Canada in November 2018 and have helped over 15,000 members there to date. In the second quarter of 2019, we launched in Australia, and in the third quarter of 2019, we launched in the United Kingdom, with plans to continue expanding into other countries in the near-term.



As a reflection of our market opportunity, our member base is diverse and spans all demographics. Our members' household income typically spans from $30,000 to $130,000, and our members range in age from teenagers (less than 5% of our members) to the 50+ category (10% of our members). Approximately 65% of our members are between 20 and 40 years old.

Trends in Our Favor

Several trends support our success and growth potential, primarily as a result of technological advances in healthcare and a wave of change in consumer preferences and purchasing decisions.

Emphasis on mission-driven brands

Consumers are increasingly scrutinizing whether companies are guided by socially responsible principles. In turn, mission-driven brands are generating higher customer confidence and spend and building emotional connections with consumers beyond a transactional relationship.

Technology is driving transformation in healthcare

Technology is driving innovation in the healthcare industry, with increasing acceptance and adoption of telemedicine and remote care. In particular, orthodontic care is undergoing rapid digitization, in which software is able to capture oral images, recognize areas for correction, and map out step-by-step treatment

plans in granular detail. Digital orthodontic care can also reduce risks and uncertainties at all stages of the treatment process to provide more accurate and consistent care.

Higher awareness of aesthetic image among consumers

The proliferation of social media emphasizes online identity and, as a result, drives consumers to present an image of their best selves. This emphasis has increased interest in aesthetically focused businesses, particularly those that focus on less invasive cosmetic treatments. Within the next 12 months, more than one in three adults in the U.S. are considering at least one cosmetic treatment, with cosmetic dentistry (including teeth alignment, whitening, and veneers) topping the list of nonsurgical treatments, according to a survey conducted by The Harris Poll on behalf of RealSelf.

Rise of omni-channel retail

Customers are increasingly expecting the convenience of an e-commerce business, coupled with the support and consultation provided with an in-person experience. In this environment, consumer-facing businesses must combine digital experiences with strategic brick and mortar locations to successfully convert potential customers.

Data's increasing importance and impact on healthcare

Data is a powerful force that is driving improved quality of care while also decreasing costs. The solutions produced by leveraging insights from increasing amounts of data will be instrumental in making healthcare more preventative, predictive, and precise. By combining data with artificial intelligence, doctors, including orthodontists and general dentists, will be able to more effectively anticipate, diagnose, treat, and improve outcomes.

Consumer purchasing habits are increasingly driven by mobile channels

Consumers have access to their mobile devices virtually anywhere and anytime. Given this continuous connectivity, businesses are adapting their marketing strategies and increasingly focusing on mobile and social media platforms. This strategy has given rise to a new class of companies that have found rapid success through targeted social media marketing and direct-to-consumer e-commerce platforms.

Our Member Journey

Our member journey starts with two convenient options: a member books an appointment to take a free, in-person 3D oral image at any of our over 300 retail stores ("SmileShops") across the U.S., Puerto Rico, Canada, Australia, and the U.K., or orders an easy-to-use doctor prescribed impression kit online, which we mail directly to their door. Using the image or impression, we create a draft custom treatment plan that demonstrates how the member's teeth will move during treatment. Next, via SmileCheck, a state licensed doctor within our network reviews and approves the member's clinical information and treatment plan. If the member is a good candidate for clear aligners and decides to purchase, the treating doctor prescribes custom-made clear aligners, which we then manufacture and ship directly to the member. In addition, the member has the opportunity to review a 3D rendering of how their teeth will move during treatment as part of their purchase decision. SmileCheck is also used by the treating doctor to monitor the member's progress and enables seamless communication with the member over the course of treatment. Upon completion of treatment, a majority of our members purchase retainers every six months to prevent their teeth from relapsing to their original position. We also offer a growing suite of ancillary oral care products, such as whitening kits, to maintain a perfect smile.

As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee. Our Smile Guarantee ensures a full refund if a member is not satisfied for any reason within the first 30 days and a pro-rated refund, or additional aligners for further adjustment at no cost, if the member is not satisfied at any point later in the process.

Throughout our member journey, we are singularly focused on delivering an exceptional member experience. We manage every member touchpoint and communication, enabling us to continually refine and optimize the member experience.

How it works.

1 3D image.

Take a free 3D image at a SmileShop or SmileBus.

or

Impression kit.

Purchase an easy-to-use, prescribed impression kit online. When done, drop the impression kit in the mail and upload required photos.

2 Building new smiles.

Within 48 hours, a duly licensed dentist or orthodontist reviews the clinical information and prescribes aligners if appropriate. The average treatment plan is 6 months.

3 Aligners ship directly.

3–4 weeks later, our in-house manufactured custom-made aligners are shipped, all at once.

4 Checking in.

The treating duly licensed doctor reviews clinical progress through our remote teledentistry platform at least every 90 days.

5 Smiles are forever.

Once the smile journey is completed, members can buy retainers and our other products to help maintain a smile they'll love.

Our Value Proposition to Our Members

Affordable, professional-level quality product

We offer professional-level service and high-quality clear aligners at a cost of $1,895, up to 60% less than traditional orthodontic solutions. We achieve this cost savings while maintaining high quality by removing the overhead cost of in-person doctor visits and managing the entire member experience, all the way from marketing to aligner manufacturing, fulfillment, treatment by a member's doctor, and monitoring through completion of their treatment. These efficiencies enable us to pass the cost savings directly to the members and allow doctors in our network to focus on what matters most: providing convenient access to excellent clinical care.

Convenience

Our omni-channel retail strategy, along with our teledentistry platform, enables members to choose how they would like to interact with us. Traditional orthodontic treatment requires monthly visits, whereas doctors using our teledentistry platform do not require in-person visits. Doctors in our network rely on SmileCheck to communicate with our members and view their progress through the submission of photos and other information every 90 days, or more frequently, if required. In addition, our treatment plans typically range from five to ten months, with an average of six months, compared to the traditional orthodontic model of 12 to 24 months. We also recently introduced our innovative Nighttime Clear Aligners, which require only 10 hours of nightly wear, for members who are unwilling or unable to wear aligners for the typical 22 hours per day required for traditional clear aligner therapy.

Accessibility

Over 60% of counties in the U.S. do not have an orthodontist's office, thereby limiting access to treatment for a large portion of the population. Using our proprietary teledentistry platform, we have helped treat members in over 80% of these underserved counties since launching in 2014. Our doctor network includes licensed orthodontists and general dentists in all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K., allowing us to service members located anywhere in these geographies. In addition, our rapidly scaling network of over 300 SmileShops provides prospective members a convenient touchpoint when considering treatment.

SmilePay

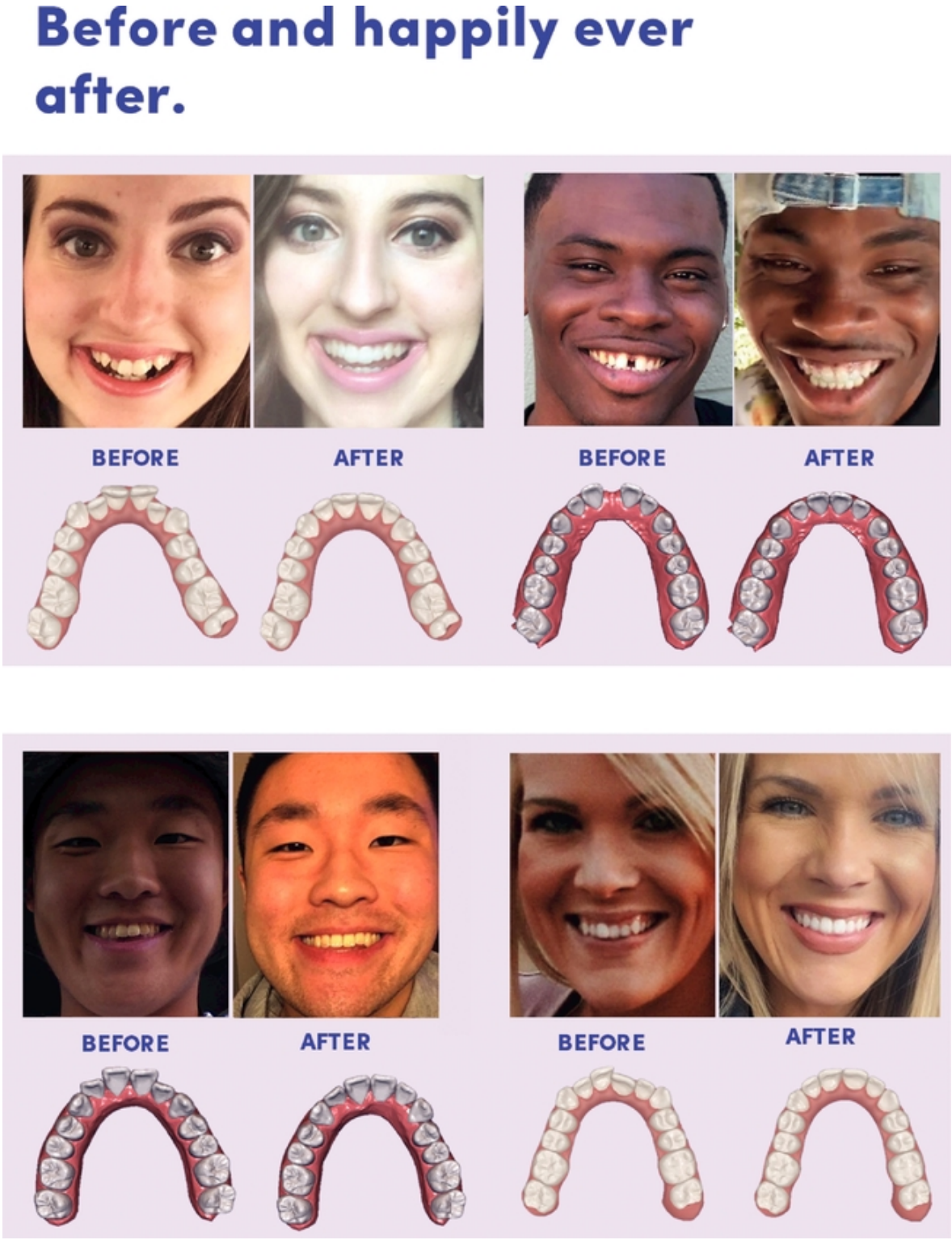
We offer our members the option of paying the entire cost of their treatment upfront or enrolling in SmilePay, a convenient monthly payment plan that makes our clear aligner treatment even more accessible. With a $250 down payment and an average monthly payment of only $85, SmilePay provides a more affordable option for those who cannot make the $1,895 full payment upfront.

Smile Guarantee

Members can feel confident in using our products and services on a risk-free basis. As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee. Our Smile Guarantee ensures a full refund if a member is not satisfied for any reason within the first 30 days and a pro-rated refund or additional free aligners for further adjustment if the member is not satisfied at any point later in the process.

Highly satisfied grinners

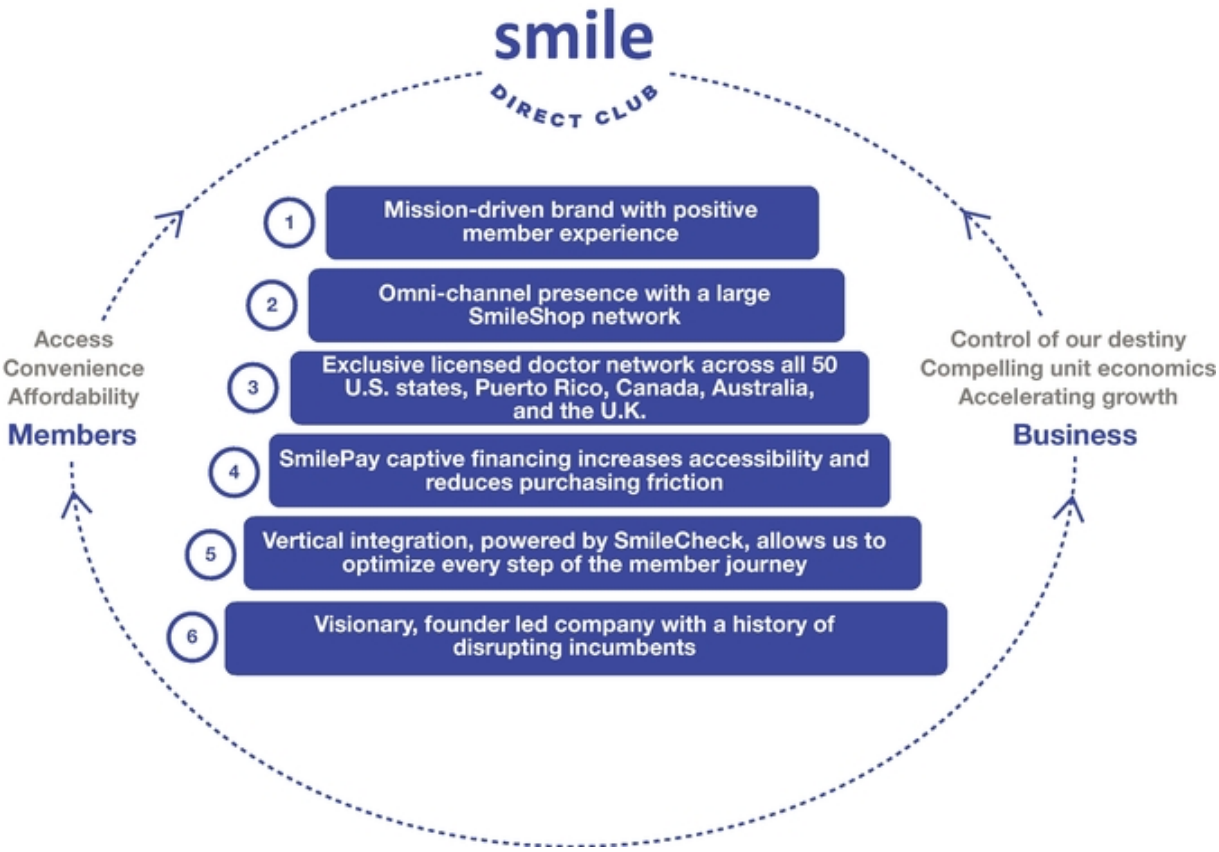
Our primary focus is on delivering an exceptional member experience. We have helped over 700,000 members, with an average net promoter score of 57 since inception, compared to an average net promoter score of 1 for the entire dental industry (according to West Monroe Partners), and an average rating of 4.9 out of 5 from over 100,000 member reviews on our website.



These are typical SmileDirectClub customers. Their average treatment length is six months. Individual results may vary.

Our Strengths

We believe our strengths will allow us to maintain and extend our position as the leading direct-to-consumer clear aligner provider. Below is a summary of our key strengths:



Mission-driven brand with positive member experience

Our mission is to democratize access to a smile each and every person loves, and we strive to create the best possible experience doing so. Our commitment to member experience has produced an average net promoter score of 57 since inception. More than 95% of our members surveyed would recommend our SmileShop experience to friends and over 20% of our members today come through referrals. We believe we enjoy the largest reach and presence on social media relative to our competitors, with over 500,000 likes on Facebook and over 300,000 followers on Instagram as of June 30, 2019. Clear aligners are a highly considered purchase, and our scale and member satisfaction are important criteria that will enable us to maintain our position as the leading direct-to-consumer clear aligner provider.

Omni-channel presence with a large SmileShop network

We empower members to choose how they would like to interact with us at the start of their journey. If a member chooses to order a doctor prescribed impression kit, we will mail one directly to their door. Alternatively, we have a network of over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., which provides an in-person experience to members who prefer that channel. In addition to our stand-alone SmileShops, we are opening SmileShops in partnership with prominent retailers, such as CVS and Walgreens. We believe our omni-channel strategy including online, retail stores, and partnership locations will further our brand awareness, and ultimately provide more opportunities to improve our member conversion.

Exclusive licensed doctor network across all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K.

We have a network of approximately 240 orthodontists and general dentists across the U.S., Puerto Rico, Canada, Australia, and the U.K. who are fully licensed across these jurisdictions to meet regulatory requirements, and we continue to successfully expand our doctor network to support our growth. The doctors in our network evaluate our members' progress throughout treatment, and are available to answer any questions should members need additional assistance.

SmilePay captive financing increases accessibility and reduces purchasing friction

SmilePay is a key element to democratizing access to care and removing price as a limiting factor for our members. As of June 30, 2019, approximately 65% of our members elect to purchase our clear aligners using SmilePay, which does not require a credit check. With SmilePay, a $250 down payment is required up front, which covers the cost of manufacturing the aligners. The remaining cost is financed over 24 months at an average monthly cost of $85 per month. For the year ended December 31, 2018 and the six months ended June 30, 2019, we offered SmilePay at an APR of approximately 17%, which had an associated delinquency rate of approximately 10% of revenue for the year ended December 31, 2018 and approximately 9% of revenue for the six months ended June 30, 2019. We believe SmilePay, as a captive offering, reduces purchasing friction by removing the complex third-party financing process, resulting in higher member conversion and a better overall member experience.

Vertical integration powered by SmileCheck allows us to optimize every step of the member journey

We are the first clear aligner company to build a scalable, integrated technology platform and doctor network for teledentistry. We manage the entire end-to-end process in a member's journey, from the moment a member visits the website all the way through aligner manufacturing, fulfillment, treatment by a member's doctor, and monitoring through completion of their treatment. Our proprietary software platform, SmileCheck, supports rapid and efficient communication between our members and their treating doctors, and the clinical and customer care teams.

Visionary, founder led company with a history of disrupting incumbents

Our founders have brought a wealth of business and operational knowledge with extensive experience in disrupting industries, particularly in direct-to-consumer offerings. We have built a culture of innovation and passion for creating smiles, supported by data-driven decision making, discipline, and member-centric service, while building multiple competitive advantages. We believe our management team is well positioned to execute our long-term growth strategy for our business and attract and retain best-in-class talent.

Our Growth Strategy

We believe there is significant opportunity to further grow our member base. We have helped over 700,000 members out of a worldwide opportunity of approximately 500 million members. We plan to grow by continuing to pursue the following key growth strategies:

Increase demand and conversion

Given that we have captured less than 1% of the total market opportunity, we plan to grow our member base by continuing to focus our marketing efforts on the approximately 85% of people globally who have malocclusion. We market our aligners through an omni-channel approach which has more than doubled our aided awareness since January of 2018, to 38% today, and has increased our referral rates from 15% to 21% over the same time period.

Each month, there are approximately five million unique visitors to our website. Approximately 1% of these visitors purchase aligners, up from approximately 0.5% in 2016. We have been able to double our

visitor to aligner conversion over the past two years as a result of our process engineering expertise. This expertise, along with our meticulous attention to each step of the member experience, enables us to continually improve conversion at each of the hundreds of touchpoints throughout the member journey. For example, over the past two years, we have increased SmileShop appointment show rates by 31% and impression kit acceptance rates by 44%. We have been able to accomplish these improvements in conversion through our customer relationship management ("CRM") strategies, educational efforts, technology advancements, and data-driven insights.

We see significant opportunity to continue increasing overall demand for our products and improving conversion at every touchpoint across our member acquisition funnel.

Expand services internationally

We launched in our first international market, Canada, in November 2018, our second international market, Australia, in the second quarter of 2019, and our third international market, the U.K., in the third quarter of 2019. With approximately 75% of the total market opportunity outside of the U.S., we see significant opportunity to grow internationally.

Introduce new products

We remain focused on developing products to further differentiate our offering and disrupt the oral care industry. For instance, we are developing and have already launched numerous ancillary products such as retainers, lip balm, MoveMints, BrightOn premium whitening, and an LED accelerator light. We believe that our growing suite of products will lengthen our relationship with our members and enhance our recurring stream of revenue.

In the third quarter of 2019, we launched our innovative Nighttime Clear Aligner product into the U.S. market, and we expect to roll out this new product into our other markets throughout the third and fourth quarters of 2019. This proprietary new product, which requires only 10 hours of nightly wear, will enable us to expand our market to customers who are unwilling or unable to wear aligners for the 22-hour daily wear cycle typically required with traditional clear aligner therapy.

Continue SmileShop rollout

SmileShops have been a key driver in expanding access to care by reducing the friction of purchase and improving our member conversion. These locations serve as a point of destination retail experience, providing members with an omni-channel opportunity to learn more about our aligners. We have over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., and expect to open approximately 20 new SmileShops per month for the remainder of 2019. In addition to our stand-alone SmileShops, we have entered into five-year non-exclusive agreements with both CVS Pharmacy, Inc. and Walgreen Co., pursuant to which we have the ability to open up to 1,500 SmileShops within CVS stores and any number of SmileShops within Walgreens stores across the country to increase accessibility, brand awareness, and member conversion. We are also exploring similar arrangements with other domestic and international retailers. See "*Our Business—SmileShops*."

Leverage data science and technology

With over 700,000 members helped to date, we have one of the largest repositories of data in the oral care sector. Using this data and artificial intelligence, along with other technologies, we believe we can enhance our existing offerings, improve our manufacturing, and introduce new products. We will leverage this same information and technology to develop and introduce new products.

Expand business partnerships

We have entered into agreements with United Healthcare and Aetna to include insurance coverage for our aligners on an in-network basis, which means our members who participate in these plans will no longer need to retroactively submit for reimbursement. Historically, while members may have been able to obtain reimbursement for clear aligner treatment from their insurance provider, our products have not been covered as an in-network benefit. These new agreements will decrease the upfront cost to our members and further streamline the complete revenue cycle management process, from eligibility check to payment posting. We are currently negotiating with other large insurance companies for similar arrangements. In addition, we are currently negotiating other business partnerships, such as corporate SmileDays and corporate discount programs, among others.

Selectively pursue M&A opportunities

We plan to leverage our know-how and our platform's expanding scale to selectively pursue acquisitions. Our acquisition strategy is centered on acquiring technologies, products, and capabilities that are highly scalable and that are complementary to our business model.

Risk Factors

Investing in our Class A common stock involves substantial risks. Before you participate in this offering, you should carefully consider all of the information contained in this prospectus, including the information set forth under the heading "*Risk Factors*." Some of the more significant risks include the following:

- We have a limited operating history and have grown significantly in a short period of time. If we fail to manage our growth effectively, our business could be materially adversely affected.
- We have a history of net losses and we may not achieve or maintain profitability in the future.
- Adverse changes in, or interpretations of, laws and regulations governing remote healthcare and the practice of dentistry could have a material adverse effect on our business.
- We have limited experience in manufacturing our products, and if we encounter manufacturing problems or delays, our ability to generate revenue will be limited.
- We offer a financing option to our members, which could adversely affect our financial results.
- Our success depends in part on our proprietary technology, and if we are unable to successfully enforce our intellectual property rights, our competitive position may be harmed.
- Complying with regulations enforced by FDA and other regulatory authorities is expensive and time-consuming, and failure to comply could result in substantial penalties.
- After the completion of this offering, pursuant to the Voting Agreement (as defined herein), David Katzman, our Chairman and Chief Executive Officer, will control a majority of the voting power of shares of our common stock eligible to vote in the election of our directors and on other matters submitted to a vote of our stockholders, and his interests may conflict with ours or yours in the future.
- Pursuant to the Tax Receivable Agreement (as defined herein), we will be required to pay the Continuing LLC Members (as defined herein) for certain tax benefits we may claim as a result of the tax basis step-up we receive in connection with this offering, as well as subsequent exchanges of LLC Units (as defined herein) for shares of Class A common stock or cash. In certain circumstances, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual tax benefits we realize.

- Upon the listing of our Class A common stock on the NASDAQ Global Select Market, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance standards. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to public companies that are not emerging growth companies. These provisions include, but are not limited to:

- being permitted to have only two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis of financial condition and results of operations disclosure;
- an exemption from compliance with the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act");
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (the "PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation arrangements in our periodic reports, registration statements, and proxy statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

In addition, the JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies.

We will remain an emerging growth company until the earliest of (i) the end of the fiscal year following the fifth anniversary of the completion of this offering, (ii) the first fiscal year after our annual gross revenues exceed $1.07 billion, (iii) the date on which we have, during the immediately preceding three-year period, issued more than $1.00 billion in non-convertible debt securities, or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeds $700 million as of the end of the second quarter of that fiscal year.

Organizational Structure

In connection with the consummation of this offering, we will effect certain reorganizational transactions, which we refer to collectively as the "Reorganization Transactions" (as more fully described under "*Organizational Structure—Reorganization Transactions*"), such that subsequent to the Reorganization Transactions and this offering, we will conduct our business through what is commonly referred to as an Umbrella Partnership-C Corporation or "Up-C" structure, which is often used by partnerships and limited liability companies when they decide to undertake an initial public offering.

Following the consummation of the Reorganization Transactions and this offering, we will be a holding company. Our sole material asset will be our equity interest in SDC Financial which, through its direct and indirect subsidiaries, conducts all of our operations. Because SDC Inc. will be the managing

member of SDC Financial, we will indirectly operate and control all of the business and affairs (and will consolidate the financial results) of SDC Financial and its subsidiaries.

Prior to the consummation of the Reorganization Transactions and this offering, the capital structure of SDC Financial held by current investors (collectively, the "Pre-IPO Investors") consists of (i) five classes of outstanding membership units ("Pre-IPO Units"), including unvested restricted membership units ("Restricted Units") held by certain employees, and (ii) warrants to acquire membership units ("Warrants") held by two service providers.

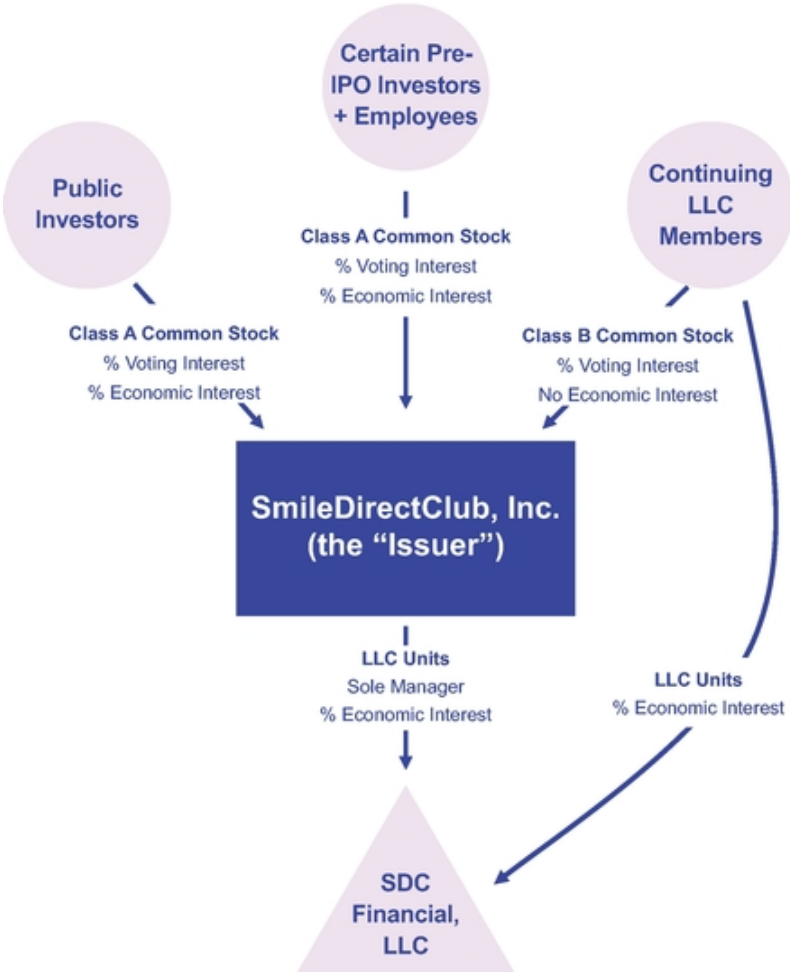
Prior to the closing of this offering, (i) SDC Inc. will acquire, pursuant to one or more mergers (the "Blocker Mergers"), the Pre-IPO Units held by certain Pre-IPO Investors (the "Blockers"), and will issue to the equityholders of the Blockers (the "Blocker Shareholders") shares of Class A common stock as consideration in the Blocker Mergers, (ii) the operating agreement of SDC Financial (the "SDC Financial LLC Agreement") will be amended and restated to, among other things, modify the capital structure of SDC Financial by replacing the different classes of Pre-IPO Units (including Restricted Units) with a single new class of membership interests of SDC Financial ("LLC Units"); (iii) we will issue to each of the Pre-IPO Investors previously holding Pre-IPO Units (including Restricted Units) a number of shares of our Class B common stock equal to the number of LLC Units held by it; (iv) certain employees with Incentive Bonus Agreements ("IBAs") will receive a bonus in cash, shares of Class A common stock that will vest immediately (subject to lock-up restrictions on transfer), in connection with this offering, and/or additional shares of Class A common stock that will vest monthly over the next 24-48 months; and (v) outstanding Warrants will be equitably adjusted, pursuant to their terms, into warrants to acquire LLC Units (together with an equal number of shares of our Class B common stock). In connection with this offering, the vesting requirements applicable to certain of the Restricted Units will be partially accelerated. Following consummation of the Reorganization Transactions, the Warrants, as well as LLC Units and shares of Class B common stock issued in respect of Restricted Units that do not vest in connection with this offering, will be subject to the same vesting, exercise and/or forfeiture conditions as the previously held securities in SDC Financial, as applicable.

We intend to use all of the net proceeds we receive from this offering (including from any exercise of the underwriters' option to purchase additional shares of Class A common stock) to purchase a number of newly issued LLC Units from SDC Financial that is equivalent to the number of shares of Class A common stock that we offer and sell in this offering, as described under "*Organizational Structure—Offering-Related Transactions*." We intend to cause SDC Financial to use a portion of such proceeds to purchase and cancel LLC Units from the Pre-IPO Investors at a price per LLC Unit equal to the public offering price per share of Class A common stock in this offering, less the underwriting discount. See "*Use of Proceeds*" and "*Certain Relationships and Related Party Transactions—Purchase of LLC Unit*s."

Subject to the terms and conditions of the SDC Financial LLC Agreement, holders (other than SDC Inc.) of LLC Units following the consummation of the Reorganization Transactions and the consummation of this offering and the use of proceeds therefrom ("Continuing LLC Members") will have the right to exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends and reclassifications, or for cash (based on the market price of shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. As Continuing LLC Members exchange their LLC Units, those LLC Units thereafter will be owned by SDC Inc. and SDC Inc.'s interest in SDC Financial will be correspondingly increased. The corresponding shares of Class B common stock will be cancelled.

For additional details, see "*Organizational Structure*" and "*Certain Relationships and Related Party Transactions*."

The diagram below depicts our simplified organizational structure immediately following the consummation of the Reorganization Transactions and the consummation of this offering and the use of proceeds therefrom, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



Corporate Information

SDC Inc. was incorporated in the State of Delaware on April 11, 2019. Our principal executive office is located at 414 Union Street, Nashville, Tennessee 37219, our telephone number is (800) 848-7566, and our website address is www.SmileDirectClub.com. The information contained in, or that can be accessed through, our website is not incorporated by reference into, and is not part of, this prospectus.

THE OFFERING

Issuer	SmileDirectClub, Inc.
Class A common stock offered by us	shares of Class A common stock (or shares if the underwriters' option to purchase additional shares of Class A common stock is exercised in full).
Underwriters' option to purchase additional shares	We have granted the underwriters the option to purchase up to an additional shares of Class A common stock.
Common stock to be outstanding after giving effect to this offering and the use of proceeds therefrom	shares of Class A common stock (or shares if the underwriters' option to purchase additional shares of Class A common stock is exercised in full). If all outstanding LLC Units held by the Continuing LLC Members were exchanged (with automatic cancellation of an equal number of shares of Class B common stock) for newly issued shares of Class A common stock on a one-for-one basis, shares of Class A common stock (or shares if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) would be outstanding. shares of Class B common stock (or shares if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), equal to one share per LLC Unit outstanding (other than any LLC Units owned by SDC Inc.), based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus. Each $1.00 increase in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase the total number of shares of Class B common stock outstanding by shares after the Reorganization Transactions and the offering. Each $1.00 decrease in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would decrease the total number of shares of Class B common stock outstanding by shares after the Reorganization Transactions and the offering.

Voting	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. After this offering, the Continuing LLC Members will hold an equal number of shares of Class B common stock and LLC Units. The shares of Class B common stock have no economic rights, but each share of Class B common stock initially entitles its holder to ten votes on all matters to be voted on by stockholders generally. Upon the earlier of (i) the ten-year anniversary of the consummation of this offering or (ii) the date on which the shares of Class B common stock held by the Voting Group and their permitted transferees represent less than 15% of the Class B common stock held by the Voting Group and their permitted transferees as of immediately following the consummation of this offering, each share of Class B common stock will entitle its holder to one vote per share on all matters to be voted upon by stockholders generally. See "*Description of Capital Stock—Common Stock—Class B common stock*." Holders of our Class A and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law. In connection with the Reorganization Transactions and prior to the consummation of the offering, certain trusts affiliated with David Katzman, our Chairman and Chief Executive Officer, Steven Katzman, our Chief Operating Officer, Jordan Katzman and Alexander Fenkell, our co-founders, and certain of their affiliated trusts and entities (collectively, the "Voting Group"), will enter into a voting agreement (the "Voting Agreement"), pursuant to which the Voting Group will give David Katzman sole voting, but not dispositive, power over the shares of our Class A and Class B common stock beneficially owned by the Voting Group. See "*Certain Relationships and Related Party Transactions—Voting Agreement*."

Voting power held by holders of Class A common stock after giving effect to this offering and the use of proceeds therefrom	% (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) (or 100% if all outstanding LLC Units held by the Continuing LLC Members were exchanged or sold for cash (with automatic cancellation in each case of all outstanding shares of Class B common stock) for newly issued shares of Class A common stock on a one-for-one basis), of which % (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) will be held immediately after this offering by certain Pre-IPO Investors and employees and % (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) will be held by the investors participating in this offering, based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus.
Voting power held by holders of Class B common stock after giving effect to this offering and the use of proceeds therefrom	% (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) (or 0% if all outstanding LLC Units held by the Continuing LLC Members were exchanged (with automatic cancellation of all outstanding shares of Class B common stock) for newly issued shares of Class A common stock on a one-for-one basis), based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus.
Use of proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million (or $ million if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus. We intend to use all of the net proceeds we receive from this offering (including from any exercise of the underwriters' option to purchase additional shares of Class A common stock) to purchase a number of newly issued LLC Units from SDC Financial that is equivalent to the number of shares of Class A common stock that we offer and sell in this offering, as described under "*Organizational Structure—Offering-Related Transactions*."

We intend to cause SDC Financial to use such proceeds as follows:

- approximately $ (or approximately $ if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) to purchase and cancel LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) from the Pre-IPO Investors at a price per LLC Unit equal to the public offering price per share of Class A common stock in this offering, less the underwriting discount;

- approximately $ to pay incentive bonuses to certain employees pursuant to the IBAs, as further described in "*Executive and Director Compensation—Incentive Bonus Agreements*";

- approximately $ million to fund the tax withholding and remittance obligations related to the IBAs, as further described in "*Executive and Director Compensation—Incentive Bonus Agreements*";

- approximately $ to redeem LLC Units from the non-Series A Pre-IPO Investors pursuant to the terms of our 2018 Private Placement (as defined herein), as further described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—2018 Private Placement*";

- up to $43 million to fund a distribution to the non-Series A Pre-IPO Investors, which distribution will be payable upon determination of the outcome and amount payable, if any, in connection with an arbitration proceeding with Align, as further described in "*Dividend Policy*." Investors in this offering will not be entitled to any portion of this distribution; and

- the balance for general corporate purposes, including, but not limited to, international expansion, innovation, research and development, and working capital.

See "*Use of Proceeds*."

Dividend policy

We have no current plans to pay dividends on our Class A common stock. Any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions and other factors that our board of directors may deem relevant.

	Subject to having available cash and subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments), the SDC Financial LLC Agreement requires SDC Financial to make certain distributions to SDC Inc. and the Continuing LLC Members, pro rata, in order to facilitate the payment of taxes with respect to the income of SDC Financial that is allocated to us and them. To the extent that the tax distributions we receive exceed the amounts we actually require to pay taxes, Tax Receivable Agreement payments, and other expenses, we will not be required to distribute such excess cash. See "*Dividend Policy*" for details on how we might use such excess cash.
Listing	We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "SDC."
Exchange rights of the Continuing LLC Members	Prior to the closing of this offering, we will complete the Reorganization Transactions described in "*Organizational Structure*."
	Subject to the terms and conditions of the SDC Financial LLC Agreement, the Continuing LLC Members will have the right to exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends and reclassifications, or for cash (based on the market price of shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. We have reserved for issuance shares of Class A common stock in respect of the aggregate number of shares of Class A common stock that may be issued upon exchange of LLC Units. See "*Certain Relationships and Related Party Transactions—SDC Financial LLC Agreement—Exchange rights*."

Tax Receivable Agreement	Our purchase of LLC Units from the Pre-IPO Investors in connection with this offering, as described under "*Use of Proceeds*," and any future exchanges of LLC Units for SDC Inc.'s Class A common stock or cash are expected to result in increases in SDC Inc.'s allocable tax basis in the assets of SDC Financial that otherwise would not have been available to SDC Inc. These increases in tax basis are expected to provide SDC Inc. with certain tax benefits that can reduce the amount of cash tax that SDC Inc. otherwise would be required to pay in the future. SDC Inc. and SDC Financial will enter into a tax receivable agreement (the "Tax Receivable Agreement") with the Continuing LLC Members, pursuant to which SDC Inc. will agree to pay the Continuing LLC Members 85% of the cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that SDC Inc. actually realizes as a result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."
Registration Rights Agreement	We intend to enter into a Registration Rights Agreement (the "Registration Rights Agreement"), whereby, following this offering and the expiration of the related 180-day lock-up period, we may be required to register under the Securities Act of 1933, as amended (the "Securities Act"), the sale of shares of our Class A common stock that may be issued to Continuing LLC Members upon exchange of their LLC Units. See "*Certain Relationships and Related Party Transactions—Registration Rights Agreement*."
Directed Share Program	At our request, the underwriters have reserved up to % of the Class A common stock being offered by this prospectus for sale at the initial public offering price to our directors, officers, employees, other individuals associated with us, and members of their families. The sales will be made by UBS Financial Services Inc., a selected dealer affiliated with UBS Securities LLC, an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock. Participants in the directed share program who are allocated any shares shall be subject to a 180-day lock-up with respect to any shares sold to them pursuant to that program. See "*Underwriting (Conflicts of Interest)*" for more information.

Conflicts of Interest	As described in "*Use of Proceeds*" and "*Certain Relationships and Related Party Transactions—Purchase of LLC Units*," a portion of the net proceeds from this offering will be received by certain of our directors and officers (the "Margin Loan Parties"). A portion of the proceeds received by the Margin Loan Parties, in an amount greater than 5% of the total net proceeds in this offering, will be used to repay borrowings by the Margin Loan Parties under certain margin loans with an affiliate of UBS Securities LLC. Because UBS Securities LLC is an underwriter in this offering and one of its affiliates will receive 5% or more of the net proceeds from the sale of our Class A common stock in this offering, UBS Securities LLC is deemed to have a "conflict of interest" under Rule 5121 ("Rule 5121") of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest, and meet the requirements of paragraph (f)(12)(E) of Rule 5121. See "*Underwriting (Conflicts of Interest)*."
Risk Factors	Investing in our Class A common stock involves substantial risks. See "*Risk Factors*" for a discussion of risks you should carefully consider before deciding to invest in our Class A common stock.

Unless otherwise indicated or the context otherwise requires, the number of shares of Class A common stock outstanding and other information in this prospectus:

- gives effect to the Reorganization Transactions and assumes the effectiveness of our amended and restated certificate of incorporation and bylaws, which we will adopt prior to completion of this offering;
- assumes an initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus;
- assumes that the underwriters do not exercise their option to purchase additional shares of Class A common stock from us;
- excludes shares of Class A common stock issuable upon the exchange of LLC Units (with automatic cancellation of an equal number of shares of Class B common stock), including those that may be issued in respect of Restricted Units, that will be held by the Pre-IPO Investors immediately following this offering;
- excludes shares of Class A common stock issuable upon exchange of LLC Units (with automatic cancellation of an equal number of shares of Class B common stock), which are issuable upon exercise of Warrants with a weighted-average exercise price of $; and
- excludes shares of Class A common stock reserved as of the date of this prospectus for future issuance under our Omnibus Plan (as defined herein).

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The following tables set forth summary historical consolidated financial data of SDC Financial at the dates and for the periods indicated. SDC Financial is considered the predecessor of SDC Inc. for accounting purposes, and its historical consolidated financial statements will be our historical consolidated financial statements following this offering. The statements of operations data for the years ended December 31, 2018 and 2017, and balance sheet data as of December 31, 2018 and 2017, are derived from the audited consolidated financial statements of SDC Financial and related notes included elsewhere in this prospectus. The condensed consolidated statements of operations data for the six months ended June 30, 2019 and 2018, and balance sheet data as of June 30, 2019, are derived from the unaudited condensed consolidated financial statements of SDC Financial and related notes included elsewhere in this prospectus. The summary historical financial data of SDC Inc. has not been presented because SDC Inc. is a newly incorporated entity and has not engaged in any business or other activities except in connection with its formation and initial capitalization.

The summary unaudited pro forma consolidated statement of operations data and balance sheet data for the six months ended June 30, 2019 and the fiscal year ended December 31, 2018 and as of June 30, 2019, present our consolidated results of operations and financial position after giving pro forma effect to (i) the Reorganization Transactions and this offering, as described under "*Organizational Structure*," as if such transactions occurred on January 1, 2018 with respect to the pro forma consolidated statement of operations data and June 30, 2019 with respect to the pro forma consolidated balance sheet data, (ii) the use of the estimated net proceeds from this offering, as described under "*Use of Proceeds*," (iii) the effects of the Tax Receivable Agreement, as described under "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*," and (iv) a provision for corporate income taxes on the income attributable to SDC Inc. at an effective rate of %, inclusive of all U.S. federal, state, and local income taxes. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect their impact, on a pro forma basis, on the historical financial information of SDC Financial. The summary unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect the results of operations or financial position of SDC Inc. that would have occurred had SDC Inc. been in existence or operated as a public company or otherwise during the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our results of operations or financial position had the described transactions occurred on the dates assumed. The unaudited pro forma consolidated financial information also does not project our results of operations or financial position for any future period or date.

The following summary historical and pro forma consolidated financial data is qualified in its entirety by reference to, and should be read in conjunction with, our audited consolidated financial statements and related notes, and the information under "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Selected Consolidated Historical Financial Data*," "*Unaudited Consolidated Pro Forma Financial Information*," and other financial information included in this prospectus. Historical results included below and elsewhere in this prospectus are not necessarily indicative of our future performance.

(in thousands, except share related amounts)	Pro Forma As Adjusted Six months ended June 30, 2019	Six months ended June 30, 2019	Six months ended June 30, 2018	Pro Forma As Adjusted Year ended December 31, 2018	Years ended December 31, 2018	Years ended December 31, 2017
	(unaudited)	(unaudited)		(unaudited)		
Statements of Operations Data:						
Total revenues	$	$ 373,530	$ 175,064	$	$ 423,234	$ 145,954
Cost of revenues		83,580	60,377		133,968	64,011
Gross profit		289,950	114,687		289,266	81,943
Marketing and selling expenses		209,146	86,457		213,080	64,243
General and administrative expenses		96,490	47,301		121,743	48,202
Loss from operations		(15,686)	(19,071)		(45,557)	(30,502)
Total interest expense		7,391	5,884		13,705	2,148
Loss on extinguishment of debt		29,640	—		—	—
Other expense		81	8,642		15,148	—
Net loss before provision for income tax expense		(52,798)	(33,597)		(74,410)	(32,650)
Provision for income tax expense		117	209		361	128
Net loss attributable to non-controlling interest		—	—		—	—
Net loss attributable to SDC Inc.	$	$ (52,915)	$ (33,806)	$	$ (74,771)	$ (32,778)
Net loss	$	$ (52,915)	$ (33,806)	$	$ (74,771)	$ (32,778)
Per Share Data:						
Pro forma net loss per share:						
Basic	$			$		
Diluted	$			$		
Pro forma weighted-average shares used to compute net loss per share:						
Basic						
Diluted						
Other Data:						
Adjusted EBITDA(a)	$	$ 2,299	$ (8,464)	$	$ (16,857)	$ (21,129)

(a) For the definition of the non-GAAP financial measure of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our most directly comparable financial measure calculated in accordance with GAAP, please read "*—Non-GAAP Financial Measures*."

(in thousands)	Pro Forma As Adjusted As of June 30, 2019 (unaudited)	As of June 30, 2019 (unaudited)	As of December 31, 2018
Balance Sheet Data:			
Cash	$	$ 149,088	$ 313,929
Total assets		542,519	555,194
Total liabilities	$	$ 343,336	$ 256,997
Redeemable Series A Preferred Units		425,188	388,634
Total members'/stockholders' deficit		(226,005)	(90,437)
Total liabilities, Redeemable Series A Preferred Units and members'/stockholders' deficit	$	$ 542,519	$ 555,194

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we also present Adjusted EBITDA, a financial measure which is not based on any standardized methodology prescribed by GAAP.

We define Adjusted EBITDA as net loss before provision for income tax expense, interest expense, depreciation and amortization, and loss on disposal of property, plant and equipment, adjusted to remove derivative fair value adjustments, loss on extinguishment of debt, foreign currency adjustments, and equity-based compensation. Adjusted EBITDA does not have a definition under GAAP, and our definition of Adjusted EBITDA may not be the same as, or comparable to, similarly titled measures used by other companies.

We use Adjusted EBITDA when evaluating our performance when we believe that certain items are not indicative of operating performance. Adjusted EBITDA provides useful supplemental information to management regarding our operating performance and we believe it will provide the same to stockholders.

We believe that Adjusted EBITDA will provide useful information to stockholders about our performance, financial condition, and results of operations for the following reasons: (i) Adjusted EBITDA would be among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions and (ii) Adjusted EBITDA is frequently used by securities analysts, investors, lenders, and other interested parties as a common performance measures to compare results or estimate valuations across companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net loss, the most directly comparable GAAP financial measure, including:

- Adjusted EBITDA does not reflect changes in, or cash requirements for working capital needs;
- Adjusted EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on indebtedness;
- Adjusted EBITDA does not reflect provision for income tax expense or the cash requirements to pay taxes;
- Adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the impact on earnings or changes resulting from matters that are considered not to be indicative of our future operations;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA includes financing income, but not the interest expense to carry the related receivables; and
- other companies in our industry may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should consider Adjusted EBITDA alongside other financial measures, including net loss and our other financial results, presented in accordance with GAAP.

A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, is set forth below:

(in thousands)	Pro Forma Six months ended June 30, 2019 (unaudited)	Six months ended June 30, 2019 (unaudited)	Six months ended June 30, 2018 (unaudited)	Pro Forma Year ended December 31, 2018 (unaudited)	Years ended December 31, 2018	Years ended December 31, 2017
Net loss	$	$ (52,915)	$ (33,806)	$	$ (74,771)	$ (32,778)
Depreciation and amortization		9,723	2,735		8,861	2,513
Total interest expense		7,391	5,884		13,705	2,148
Income tax expense		117	209		361	128
Loss on disposal of property, plant and equipment		—	—		617	—
Fair value adjustment of warrant derivative		—	8,624		14,500	—
Loss on extinguishment of debt		29,640	—		—	—
Equity-based compensation		8,262	7,872		19,839	6,860
Other		81	18		31	—
Adjusted EBITDA	$	$ 2,299	$ (8,464)	$	$ (16,857)	$ (21,129)

RISK FACTORS

The following section discusses material risks and uncertainties that could adversely affect our business, financial condition, and results of operations. Investing in our Class A common stock involves substantial risks. You should carefully consider the following risk factors, as well as all of the other information contained in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes thereto included elsewhere in this prospectus, before deciding to invest in our Class A common stock. The occurrence of any of the following risks could materially and adversely affect our business, strategies, prospects, financial condition, results of operations, and cash flows. In such case, the market price of our Class A common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

We have a limited operating history and have grown significantly in a short period of time. If we fail to manage our growth effectively, our business could be materially adversely affected.

We were organized and began selling clear aligners manufactured by third parties in 2014, and we began selling clear aligners manufactured by us in 2016. Accordingly, we have a limited operating history, which makes an evaluation of our future prospects difficult. Our operating results have fluctuated in the past and we expect our future quarterly and annual operating results to fluctuate as we focus on increasing demand for our products. We may need to make business decisions that could adversely affect our operating results, such as modifications to our pricing policy, business structure, or operations.

In addition, we have grown rapidly since inception and anticipate further growth. For example, our total revenues increased from $20.6 million for the year ended December 31, 2016 to $423.2 million for the year ended December 31, 2018, and were $373.5 million for the six months ended June 30, 2019. The number of our full-time employees increased from approximately 225 at December 31, 2016 to approximately 5,000 at June 30, 2019. We have continually been expanding our Nashville, Tennessee headquarters since 2015, and completed the build-out of our Antioch, Tennessee manufacturing facilities in 2018. We opened an Escazu, Costa Rica facility in 2016, expanded the Escazu facility and opened a San Jose, Costa Rica facility in 2017, and replaced the Escazu facility with a larger Cartago, Costa Rica facility in 2018. We also expect to open an additional manufacturing facility near Austin, Texas in late 2019.

This growth has placed significant demands on our management, financial, operational, technological, and other resources, and we expect that our growth will continue to place significant demands on our management and other resources and will require us to continue developing and improving our operational, financial, and other internal controls, both in the U.S. and internationally. In particular, continued growth increases the challenges involved in a number of areas, including: recruiting and retaining sufficient skilled personnel, providing adequate training and supervision to maintain our high quality standards, and preserving our culture and values. We may not be able to address these challenges in a cost-effective manner or at all. If we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy member requirements, or maintain high-quality product offerings, and our business, financial condition, and results of operations could be materially harmed.

We have a history of net losses and we may not achieve or maintain profitability in the future.

We have incurred net operating losses since inception. For the years ended December 31, 2018 and 2017, we incurred net losses of $(74.8) million and $(32.8) million, respectively, and we incurred $(52.9) million of net losses for the six months ended June 30, 2019. From inception through the present, we have spent significant funds in organizational and start-up activities, to recruit key managers and employees, to develop our clear aligners, to develop our manufacturing and member support resources,

and for research and development. It is possible that we will not achieve profitability and that, even if we do achieve profitability, we may not maintain or increase profitability in the future.

We depend on sales of our clear aligners for the vast majority of our net revenues. Demand for our clear aligners may not increase as rapidly as we anticipate due to a variety of factors, including consumer reluctance to accept teledentistry, a weakness in general economic conditions, or competitive pressures.

We expect that net revenues from sales of our clear aligners will continue to account for the vast majority of our total net revenues for the foreseeable future. Continued and widespread market acceptance of teledentistry by consumers is critical to our future success. Delivery of clear aligners via a teledentistry model represents a change from traditional orthodontic treatment, which requires in-person visits, and consumers may be reluctant to accept this model or may not find it preferable to traditional treatment. In addition, consumers may not respond to our direct marketing campaigns or we may be unsuccessful in reaching our target audience, particularly in foreign jurisdictions where our advertising may be more heavily regulated. If consumers prove unwilling to adopt our teledentistry model as rapidly or in the numbers that we anticipate, our operating results could be materially harmed.

Consumer spending habits are affected by, among other things, prevailing economic conditions, levels of employment, salaries and wage rates, consumer confidence, and consumer perception of economic conditions. In many markets, dental and orthodontic reimbursement is largely out of pocket for the consumer and, as result, utilization rates can vary significantly depending on economic growth. A general slowdown in the U.S. economy and certain international economies in which we plan to expand or an uncertain economic outlook could adversely affect consumer spending habits, which may result in, among other things, a decrease in the number of overall orthodontic case starts, a reduction in consumer spending on elective or higher value procedures, or a reduction in demand for dental and orthodontic services generally, each of which would have an adverse effect on our sales and operating results. Weakness in the global economy results in a challenging environment for selling dental and orthodontic technologies. If there is a reduction in consumer demand for orthodontic treatment generally, if consumers choose to use a competitive product rather than our clear aligners, or if the average selling price of our clear aligners declines as a result of economic conditions, competitive pressures, or any other reason, our business, results of operations, and financial condition could be materially harmed.

Adverse changes in, or interpretations of, laws, rules, regulations governing remote healthcare and the practice of dentistry could have a material adverse effect on our business.

Our current business model is dependent, in part, on current laws, rules, and regulations governing remote healthcare and the practice of dentistry. If changes in laws, rules regulations, or their interpretations are inconsistent with our current business model, we would need to adapt our business model accordingly, and our operations in certain jurisdictions may be disrupted, which could have a material adverse effect on our business, financial condition, and results of operations. See "*—Risks Related to Legal and Regulatory Matters—Our business could be adversely affected by ongoing professional and legal challenges to our business model or by new state actions restricting our ability to provide our products and services in certain states*."

We face competition in the market for our clear aligners, and we expect competition from existing competitors and other companies that may enter the market or introduce new technologies in the future, which may decrease our net revenues.

We compete with a handful of smaller companies that collectively have limited market share in the direct-to-consumer clear aligner industry, including Candid Co., Smilelove, and SnapCorrect. To a lesser extent, we also face competition from more well-established competitors in the traditional orthodontic industry, which requires in-person visits, such as Align Technology, Inc. ("Align"). We expect some additional competition from other teledentistry solutions, and from new entrants into the orthodontic

supply or clear aligner markets. Some of these competitors may have greater resources as well as the ability to leverage existing channels in the dental market to compete directly with us. In addition, we may also face future competition from companies that introduce new technologies. We may be unable to compete with these competitors, and one or more of these competitors may render our technology obsolete or economically unattractive. As we continue to expand internationally, we will face additional competition in geographies outside the U.S. If we are unable to compete effectively with existing products or respond effectively to any new products developed by competitors, our business could be materially harmed. Increased competition may result in price reductions, reduced gross margins, reduced profitability, and loss of market share. There can be no assurance that we will be able to compete successfully against our current or future competitors or that competitive pressures will not have a material adverse effect on our business, results of operations, and financial condition.

We spend significant amounts on advertising and other marketing campaigns to acquire new members, which may not be successful or cost-effective.

We market our aligners and other products through an omni-channel approach supported by media mix modeling and multitouch attribution modeling. Our marketing approach focuses on both offline activities, mainly television, and online digital marketing. We spend significant amounts on advertising and other marketing campaigns to acquire new members, and we expect our marketing expenses to increase in the future as we continue to spend significant amounts to acquire new members and increase awareness of our products. While we seek to structure our marketing campaigns in the manner that we believe is most likely to encourage consumers to use our products, we may fail to identify marketing opportunities that satisfy our anticipated return on marketing spend as we scale our investments in marketing, accurately predict member acquisition, or fully understand or estimate the conditions and behaviors that drive consumer behavior. If, for any reason, any of our marketing campaigns prove less successful than anticipated in attracting new members, we may not be able to recover our marketing spend, and our rate of member acquisition may fail to meet market expectations, either of which could adversely affect our business, results of operations, and financial condition. There can be no assurance that our marketing efforts will result in increased sales of our products.

If our retail partner relationships are not successful, our ability to market and sell our products would be harmed and our financial performance would be adversely affected.

We are developing an oral care product line, which will include our impression kits and other non-prescription products, to be offered through large, national retail partners. We have limited ability to influence the efforts of our retail partners, and relying on them for a portion of our sales could harm our business for various reasons, including:.

- our retail partners may not devote sufficient resources to the sale of our products or may be unsuccessful in marketing our products;
- our agreements with retail partners may terminate prematurely due to disagreements or may result in litigation;
- we may not be able to renew existing retail partner agreements or negotiate future retail partner agreements on acceptable terms; and
- our agreements with retail partners may preclude us from entering into additional future arrangements.

Sales of a significant portion of our clear aligners may depend on our members' ability to obtain reimbursement from third-party payors, such as insurance carriers.

Sales of our clear aligners may depend on our members' ability to obtain reimbursement from third-party payors, such as insurance carriers. Any reduction in insurance or other third-party payor reimbursement currently available to our members for our clear aligners may cause negative price pressure, which would reduce our revenues. Without a corresponding reduction in the cost to produce such products, the result would be a reduction in our overall gross profit. Similarly, any increase in the cost of such products would reduce our overall gross profit unless there was a corresponding increase in third-party payor reimbursement. In addition, although we have contracts with certain insurance companies and are negotiating with others, healthcare initiatives in the U.S. may lead third-party payors to decline or reduce reimbursement for our clear aligner treatment, and compliance with administrative procedures or requirements of third-party payors may result in delays in processing approvals by those payors for members to obtain coverage for our clear aligners. Finally, as we expand our sales and marketing efforts outside of the U.S., we face additional risks associated with obtaining and maintaining coverage and securing reimbursement from foreign health care payment systems on a timely basis or at all. Failure by our members to obtain or maintain coverage or to secure adequate reimbursement for our clear aligner treatment by third-party payors could have an adverse effect on our business, results of operations, and financial condition.

Our growth and future success may depend on our ability to enhance our existing products and services or to develop, obtain regulatory clearance for, successfully introduce, and achieve market acceptance of new products and services.

We intend to continually improve and enhance our existing products and services and/or develop and introduce new products and services in order to maintain or increase our sales. The success of new or enhanced products and services may depend on a number of factors including anticipating and effectively addressing consumer preferences and demand, the success of our sales and marketing efforts, innovation and timely and successful research and development, obtaining necessary regulatory clearances, anticipating and responding to competing products and technological innovations, adequately protecting our intellectual property rights, effective forecasting and management of product demand, effective management of manufacturing and supply costs, and the quality of our products. There can be no assurance that we will be able to successfully develop and introduce new or enhanced products and services. Even if new or enhanced products and services are successfully introduced, they may not rapidly gain market share and acceptance.

The development of new products and services in the dental and orthodontic industry can be complex and costly. We could experience delays in the development and introduction of new and enhanced products and services, including delays in obtaining any necessary regulatory clearances. Unanticipated problems in developing products and services could also divert substantial research and development resources, which may impair our ability to develop new products and services and enhancements of existing products and services, and could substantially increase our costs. If new or enhanced product and service introductions are delayed or not successful, we may not be able to achieve an acceptable return, if any, on our research and development efforts, and our business may be adversely affected. Even if we successfully innovate and develop new or enhanced products and services, we may incur substantial costs in doing so and our profitability may suffer.

Any failure in our ability to successfully develop, introduce, or achieve market acceptance of new or enhanced products and services, or any problems in the design or quality of any products or services we develop, could have a material adverse effect on our business, results of operations, and financial condition.

Because our current Chairman and Chief Executive Officer has other business interests, he may not be able or willing to devote a sufficient amount of time to our business operations, which could negatively impact our business, results of operations, and financial condition.

David Katzman, our Chairman and Chief Executive Officer, has other business interests outside of SmileDirectClub. While we believe that Mr. Katzman presently has adequate time to attend to our business, it is possible that the demands on him from other obligations could increase, with the result that he would no longer be able to devote sufficient time to the management of our business, in which case we could need the services of a full-time Chief Executive Officer. Additionally, there is a risk of conflict of interest with other entities for which David Katzman provides services, which are monitored by our Board. In addition, we have a related party transactions policy, which details procedures to address any related party transactions with Mr. Katzman or any of these entities. The loss of Mr. Katzman to us could negatively impact our operations and financial results. See *"—Risks Related to Our Organization and Structure—After the completion of this offering, pursuant to the Voting Agreement, David Katzman, our Chairman and Chief Executive Officer, will control a majority of the voting power of shares of our common stock eligible to vote in the election of our directors and on other matters submitted to a vote of our stockholders, and his interests may conflict with ours or yours in the future*" and *"Certain Relationships and Related Party Transactions—Policies and Procedures for Related Party Transactions*."

A disruption in the operations of our freight carriers or higher shipping costs could cause a decline in our net revenues or a reduction in our earnings.

We are dependent on commercial freight carriers to deliver our products to our members. If the operations of these carriers are disrupted for any reason, we may be unable to deliver our products to our members on a timely basis. If we cannot deliver our products in an efficient and timely manner, our members may cancel their orders from us or seek other compensation for delays, and our net revenues and gross margin could materially decline. In a rising fuel cost environment, our freight costs will increase. If freight costs materially increase and we are unable to pass that increase along to our members for any reason or otherwise offset such increases in our cost of net revenues, our gross margin and financial results could be adversely affected.

We rely on third-party suppliers for some of our manufacturing components and have limited control over our suppliers, which subjects us to significant risks, including the potential inability to obtain or produce quality products on a timely basis or in sufficient quantities.

We rely on third-party suppliers for several components used in the manufacture of our products. We have limited control over our suppliers, including aspects of their specific manufacturing processes and their labor, environmental, or other practices, which subjects us to significant risks, including the following:

- inability of our suppliers to satisfy demand for our manufacturing components and to produce sufficient equipment and materials to support our growth, which could disrupt our ability to deliver our products in a timely manner;
- reduced control over manufacturing standards, controls, procedures, and policies, reduced ability to oversee the manufacturing process, and reduced ability to develop and monitor compliance with our product manufacturing specifications, each of which could negatively impact product quality and reliability;
- price increases, which could result in lower gross margins;
- entry into non-cancelable minimum purchase commitments, which could impact our ability to adjust our capacity and inventory and could lead to excess and obsolete equipment and supplies;

- technology changes by our suppliers, which could disrupt access to required manufacturing capacity or require expensive, time-consuming development efforts to adapt and integrate new equipment or processes;
- the delay or failure of a key supplier to perform its obligations to us due to financial, operating, or other difficulties;
- difficulties in quickly establishing additional supplier relationships on commercially acceptable terms in the event that we experience difficulties with our existing suppliers;
- infringement or misappropriation of our intellectual property;
- exposure to natural catastrophes, political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade;
- changes in local economic conditions in areas where our suppliers or logistics providers are located;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and
- insufficient warranties and indemnities.

If any of these risks were to materialize, we could face production interruptions, delays, or inefficiencies or could be forced to curtail or cease operations, which could have a material adverse effect on our business, results of operations, and financial condition.

If we encounter manufacturing problems or delays, our ability to generate revenue will be limited.

Historically, we purchased our clear aligners and retainers from third-party manufacturers. In 2016, we opened our first manufacturing facility in Antioch, Tennessee to lower our manufacturing costs, increase supply redundancy, and add capacity to support growth. To date, we have incurred significant capital expenditures related to these facilities, and we expect that capital expenditures will continue to be significant as we further upgrade our Tennessee facilities and open a new manufacturing facility elsewhere in the U.S. These costs could increase significantly, and there is no assurance that the final costs will not be materially higher than anticipated. We are also exploring alternative site manufacturing capabilities both domestically and abroad, which would require additional capital expenditures.

We now manufacture all of our own clear aligners and retainers. While we have rapidly expanded our in-house manufacturing capabilities, there can be no assurance that manufacturing or quality control problems will not arise as we continue to scale-up and automate our production, or that we will be able to do so in a timely manner or at commercially reasonable costs. If we are unable to manufacture a sufficient supply of product, maintain control over expenses, or otherwise adapt to anticipated growth, or if we underestimate growth, we may not have the capability to satisfy market demand, and our business and reputation in the marketplace will suffer. We may also encounter defects in materials and/or workmanship, which could lead to a failure to adhere to regulatory requirements. Any defects could delay operations at our facilities, lead to regulatory fines, or halt or discontinue manufacturing indefinitely.

Our manufacturing processes rely on complex three-dimensional scanning, geometrical manipulation and modeling technologies, and sophisticated 3D printing. Since our clear aligners and retainers are designed for individual members, we manufacture them to fill prescriptions rather than maintaining inventories. If demand for our clear aligners and retainers exceeds our manufacturing capacity, we could develop a substantial backlog of member orders, or would otherwise need to outsource to other manufacturers, which would affect our profitability.

Our manufacturing facilities are subject to periodic regulatory inspections by FDA and other regulatory agencies. If we fail in the future to maintain facilities in accordance with applicable Quality System Regulations enforced by FDA or other regulatory requirements, our manufacturing process could be suspended or terminated, which would have a material adverse effect on our business, results of operations, and financial condition.

We are dependent on some international suppliers, which exposes us to foreign operational and political risks that may harm our business.

We rely on some third party suppliers in Europe and Asia who supply, among other things, certain of the technology and raw materials used in our manufacturing processes. Our reliance on international operations exposes us to risks and uncertainties, including: controlling quality of supplies; political, social, and economic instability; interruptions and limitations in telecommunication services; product or material delays or disruption; trade restrictions and changes in tariffs; import and export license requirements and restrictions; fluctuations in currency exchange rates; and potential adverse tax consequences. If any of these risks were to materialize, our operating results may be harmed.

The majority of our operations are conducted in three geographic locations. Any disruption at our facilities could increase our expenses.

Aside from our SmileShops, all of our business and manufacturing operations, in addition to some of our customer service operations, are conducted in and around Nashville, Tennessee, with one manufacturing location expected to open near Austin, Texas in late 2019. All of our treatment planning operations, as well the remainder of our customer service operations, are conducted in Costa Rica. We take precautions to safeguard our facilities, including insurance, health and safety protocols, and off-site storage of computer data. However, a natural disaster, such as a fire, flood, or earthquake, could cause substantial delays in our operations, damage or destroy our manufacturing equipment or inventory, and cause us to incur additional expenses. The insurance we maintain against fires, floods, earthquakes, and other natural disasters may not be adequate to cover our losses in any particular case. Any material disruption could materially damage member and business partner relationships and subject us to significant reputational, financial, legal, and operational consequences.

We will operate many of our SmileShops under master license agreements with CVS and Walgreens, each of which, if not renewed after its initial term of five years, will require us to close or relocate a substantial number of our SmileShops.

We have entered into a five-year non-exclusive agreement with CVS Pharmacy, Inc., pursuant to which we have the ability to open up to 1,500 SmileShops within CVS stores across the country and a five-year non-exclusive agreement with Walgreens, Inc., pursuant to which we have the ability to open any number of SmileShops within Walgreens stores across the country. Each agreement has an initial term of five years. If we are unable to renew either agreement at the end of its term, or if either is otherwise terminated for any reason, we will be required to close or relocate a substantial number of our SmileShops, which could subject us to construction, relocation, and other costs, disruption of our operations, and other risks. In addition, if we terminate either agreement with respect to any particular SmileShop for convenience, for a certain period of time we will be prohibited from opening SmileShops within CVS or Walgreens competitors, as the case may be, in proximity to the terminated SmileShop, which could interfere with our ability to open alternative SmileShops in certain geographic areas. If any of these risks were to materialize, our business, results of operations, and financial condition could be materially harmed.

Our information technology systems are critical to our business. System integration and implementation issues and system security risks could disrupt our operations, which could have a material adverse impact on our business, results of operations, and financial condition.

We depend on our information technology systems, as well as those of third parties, to develop products and services, operate our website, host and manage our services, store data, process transactions, respond to user inquiries, and manage our operations. Any material disruption or slowdown of our systems or those of third parties upon whom we depend, including a disruption or slowdown caused by our failure to successfully manage significant increases in user volume or successfully upgrade our or their systems,

system failures, viruses, security breaches, or other causes, could cause information, including data related to orders, to be lost or delayed, which could result in delays in the delivery of products to members or lost sales, which could reduce demand for our products, harm our brand and reputation, and cause our revenue to decline. If changes in technology cause our information systems, or those of third parties upon whom we depend, to become obsolete, or if our or their information systems are inadequate to handle our growth, we could lose members, and our business, financial condition, and results of operations could be adversely affected.

There can be no assurance that our process of improving existing systems, developing new systems to support our expanding operations, integrating new systems, protecting confidential member information, and improving service levels will not be delayed or that additional systems issues will not arise in the future. Failure to adequately protect and maintain the integrity of our information systems and data may result in a material adverse effect on our business.

Our international operations subject us to additional costs and risks, and our continued international expansion will subject us to additional costs and risks that may adversely impact our business, results of operations, and financial condition.

We recently entered the markets in Canada, Australia, and the U.K., and plan to enter into additional international markets in the future. There are significant costs and risks inherent in conducting business in international markets. If we expand, or attempt to expand, into additional foreign markets, we will be subject to new business risks, in addition to regulatory risks. In addition, expansion into foreign markets imposes additional burdens on our executive and administrative personnel, finance and legal teams, research and marketing teams, and general managerial resources.

We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in new markets. We may also encounter difficulty expanding into new international markets because of limited brand recognition in certain parts of the world, leading to delayed acceptance of our products and services by consumers in these new international markets. If we are unable to continue to expand internationally and manage the complexity of international operations successfully, our business, results of operations, and financial condition could be adversely affected. If our efforts to introduce our products and services into foreign markets are not successful, we may have expended significant resources without realizing the expected benefit. Ultimately, the investment required for expansion into foreign markets could exceed the results of operations generated from this expansion.

We face risks related to our international sales, including the need to obtain necessary foreign regulatory clearance or approvals.

Sales of our products outside the U.S. will subject us to foreign regulatory requirements that vary widely from country to country. The time required to obtain clearances or approvals required by other countries may be longer than that required for FDA clearance or approval, and requirements for such approvals may differ from FDA requirements. We may be unable to obtain regulatory approvals and may also incur significant costs in attempting to obtain foreign regulatory approvals or maintain those we already have, including in Canada, Australia, the U.K., and the European Union (the "E.U."). If we experience delays in receipt of approvals to market our products in new jurisdictions, or if we fail to receive these approvals, we may be unable to market our products in international markets in a timely manner, if at all, which could materially impact our international expansion and adversely affect our business as a whole. In addition, we anticipate that regulations in certain foreign countries may challenge our teledentistry model. Some international regulations may also limit the availability of SmilePay to members in certain jurisdictions without our first obtaining a license or engaging a third party to provide such financing, or limit the financing options we can offer our members. If any of these risks were to materialize, they could limit our expected international growth and profitability.

As we expand internationally, we will be exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Although the U.S. dollar is our reporting currency, as we expand internationally, a portion of our net revenues and net income will be generated in foreign currencies. Net revenues and net income generated outside of the U.S. are translated into U.S. dollars using exchange rates effective during the respective period and are affected by changes in exchange rates. As a result, negative movements in currency exchange rates against the U.S. dollar will adversely affect our net revenues and net income in our consolidated financial statements. The exchange rate between the U.S. dollar and foreign currencies has fluctuated substantially in recent years and may continue to fluctuate substantially in the future. We may in the future enter into currency hedging transactions in an effort to cover some of our exposure to foreign currency exchange fluctuations. These transactions may not operate to fully or effectively hedge our exposure to currency fluctuations, and, under certain circumstances, these transactions could have an adverse effect on our business and financial condition.

The results of the U.K.'s referendum on withdrawal from the E.U. may have a negative effect on global economic conditions, financial markets, and our business.

On June 23, 2016, the U.K. held a referendum in which a majority of voters approved an exit from the E.U., commonly referred to as Brexit. The referendum and ongoing negotiations have created significant uncertainty about the future relationship between the U.K. and the E.U. The uncertainty surrounding the terms of Brexit could negatively impact markets and cause weaker macroeconomic conditions that could continue for the foreseeable future. Adverse macroeconomic consequences, such as deterioration in economic conditions, may negatively impact future sales of our products and, particularly in European countries, may negatively impact our international expansion, either of which could have an adverse effect on our business, financial condition, and results of operations.

We depend on key personnel to operate our business, and if we are unable to retain and attract key personnel, we may be unable to pursue business opportunities or develop our products.

We are dependent on the key employees in our clinical engineering, technology development, sales, training, marketing, and management teams. The loss of the services provided by certain of these individuals may significantly delay or prevent the achievement of our business objectives and could harm our business. Our future success will also depend on our ability to identify, recruit, train, and retain additional qualified personnel. We may not be successful in retaining our key personnel or their services, or in attracting and retaining personnel with the advanced qualifications necessary for the further development of our business. If we are unable to retain and attract key personnel, our business could be materially harmed.

If we are unable to accurately predict our volume growth, and fail to hire a sufficient number of technicians in advance of such demand, the delivery time of our products could be delayed, which could adversely affect our results of operations.

Treatment planning, a key step leading to our manufacturing process, relies on sophisticated computer technology requiring new technicians to undergo an extensive training process. Training setup technicians takes several weeks, and it takes several months for a new technician to achieve his or her full capacity. The non-solicitation provisions of our supply agreement with Align prohibit us from soliciting Align's current employees in Costa Rica through the end of 2019, and we have also agreed that we will not solicit or hire any employee working at Align, which may restrict our ability to hire experienced team members through 2019. As a result, if we are unable to accurately predict our volume growth, we may not have a sufficient number of trained technicians to deliver our products within the time frame our members expect. Such a delay could cause us to lose existing members or fail to attract new members. This could cause a decline in our net revenues and net income and could adversely affect our results of operations for 2019.

If we choose to acquire or invest in new businesses, products, or technologies, instead of developing them ourselves, these acquisitions or investments could disrupt our business and could result in the use of significant amounts of equity, cash, or a combination of both.

From time to time we may seek to acquire or invest in new businesses, products, or technologies, instead of developing them ourselves. Acquisitions and investments involve numerous risks, including:

- timing of regulatory approvals and clearances;
- the inability to complete the acquisition or investment;
- disruption of our ongoing businesses and diversion of management attention;
- difficulties in integrating the acquired entities, products, or technologies;
- risks associated with acquiring intellectual property;
- difficulties in operating the acquired business profitably;
- the inability to achieve anticipated synergies, cost savings, or growth;
- potential loss of key employees, particularly those of the acquired business;
- difficulties in transitioning and maintaining key partner, distributor, and supplier relationships;
- risks associated with entering markets in which we have no or limited prior experience;
- increased operating costs or reduced earnings;
- the use of significant amounts of cash, the incurrence of debt, and/or the assumption of significant liabilities; and
- dilutive issuances of equity securities, which may be sold at a discount to market price.

Any of these factors could materially harm our stock price, business, financial condition, and results of operations.

We offer a financing option to our members, which could adversely affect our financial results.

We offer all of our members our SmilePay option, a financing plan that does not require a credit check. Approximately 65% of our members choose to finance their treatment through SmilePay. For the year ended December 31, 2018, SmilePay amounted to approximately $174.2 million in net receivables and an associated delinquency rate of approximately 10% of revenue (also 10% for 2017). For the six months ended June 30, 2019, SmilePay amounted to approximately $275.1 million in net receivables and an associated delinquency rate of approximately 9% of revenue. Although our delinquency rate improved from 2017 to 2018, primarily due to improved internal collection processes, the corresponding revenue reduction increased, primarily due to an increase in the number of members using SmilePay. We may experience an increase in payment defaults and uncollectible accounts, and may be required to increase our reduction in revenue, which would adversely affect our net income. In addition, extended payment terms decrease our cash flow from operations.

Our SmilePay financing option subjects us to additional regulations and compliance and other costs.

Our SmilePay program subjects us to complex consumer financial protection laws and regulations, among others. We must comply with all applicable U.S. federal and state legal and regulatory regimes, including but not limited to those governing consumer retail installment credit transactions. Certain U.S. federal and state laws generally regulate the rate or amount of finance charges and fees and require certain disclosures for consumer finance transactions. If we fail to comply with applicable laws, regulations, rules, and guidance, our business could be adversely affected.

Compliance with these laws and regulatory requirements is costly and time-consuming and limits our operational flexibility. Further, failure to comply with these laws and regulatory requirements may, among other things, limit our ability to collect all or part of the balance owing on a member's SmilePay account. As a result, we may not be able to collect on unpaid principal or finance charges. In addition, non-compliance could subject us to damages, revocation of required licenses or registrations, class action lawsuits, administrative enforcement actions, rescission rights held by investors in securities offerings, and civil and criminal liability, which may harm our business and may result in members rescinding their SmilePay account agreements.

We currently contract with a third-party provider to manage the administrative services and maintain regulatory compliance for SmilePay in the U.S. and Canada, as well as to provide the enabling software. Some international regulations may limit the availability of SmilePay to members in certain jurisdictions without our first obtaining a license or engaging a third party to provide such financing, thereby limiting our profitability on sales to members in those locations. While both we and our provider are in the process of obtaining licenses in these jurisdictions, we cannot guarantee that the necessary licenses will be obtained by us or our provider on a timely basis or at all.

Refunds and cancellations could harm our business.

We allow our customers to return aligners, subject to our Smile Guarantee refund policy, which allows any member, to return their aligners for any reason within the first 30 days of their treatment and receive a full refund. Additionally, members who follow their treatment plan and do not love their smile may return the remainder of their aligners for a pro-rated refund based on the number of aligners used or get additional aligners, at no additional cost, to address their treatment concerns. At the time of sale, we establish a reserve for aligner returns, based on historical experience and expected future returns, which is recorded as a reduction of sales. If we experience a substantial increase in refunds, our cancellation reserve levels might not be sufficient and our business, operating results, and financial condition could be harmed.

We may be unable to raise additional capital, which could harm our ability to compete.

We expect to expend significant capital to establish an international brand, build manufacturing infrastructure, and develop both product and process technology. These initiatives may require us to raise additional capital over the next few years. We may consume available resources more rapidly than anticipated and we may not be able to raise additional funds when needed or on acceptable terms.

If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A and Class B common shares. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition, and prospects could be materially adversely affected.

An increase in interest rates on our borrowings would increase the cost of servicing our debt and reduce our profitability.

A portion of our outstanding debt bears interest at floating rates. As a result, to the extent we have not hedged against rising interest rates, an increase in the applicable benchmark interest rates would increase our cost of servicing our debt and could materially and adversely affect our results of operations, financial condition, liquidity, and cash flows. Such rates tend to fluctuate based on general economic conditions, general interest rates, Federal Reserve rates, and the supply of and demand for credit in the relevant interbanking market. In recent years, the Fed has incrementally raised the target range for the federal funds rate. Increases in the interest rate generally, and particularly when coupled with any

significant variable rate indebtedness, could materially adversely impact our interest expenses. If interest rates increase, our debt service obligations on variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, we may refinance our indebtedness. If interest rates or our borrowing margins increase between the time an existing financing arrangement was consummated and the time such financing arrangement is refinanced, the cost of servicing our debt would increase and our results of operations, financial condition, liquidity, and cash flows could be materially and adversely affected.

Our outstanding debt instruments contain restrictions and covenants that may limit our operating flexibility and which, if violated, could result in the acceleration of the amounts due.

Our outstanding debt instruments contain financial ratios and certain other covenants, which we are required to satisfy. Complying with these restrictions and covenants may make it more difficult for us to successfully execute our business strategy. We may need to reduce the amount of our indebtedness outstanding from time to time in order to comply with such financial ratios, though no assurance can be given that we will be able to do so.

Our failure to maintain required financial ratios or our breach of the other restrictions or covenants under our debt instruments could result in an event of default under the applicable agreement. Such a default may allow our lenders under the applicable agreement to accelerate all of our outstanding indebtedness and other amounts due and, if we do not pay these amounts, proceed against the collateral securing these obligations. In the future, such a default may also result in the acceleration of other indebtedness.

We may not generate sufficient cash flow to service our debt, pay our contractual obligations, and operate our business.

Our ability to make payments on our indebtedness and contractual obligations, and to fund our operations, depends on our future performance and financial results, which, to a certain extent, are subject to general economic, financial, competitive, regulatory, interest rate, and other factors that are beyond our control. Although senior management believes that we have and will continue to have sufficient liquidity, there can be no assurance that our business will generate sufficient cash flow from operations in the future to service our debt, pay our contractual obligations, and operate our business. In addition, the breach of certain covenants or restrictions in certain of our debt instruments would permit the lenders to declare all borrowings thereunder to be immediately due and payable and, if provided for in the future, cross default provisions may entitle our other lenders to accelerate their loans.

Changes in, or interpretations of, accounting rules and regulations could result in unfavorable accounting charges.

Accounting principles and related pronouncements, implementation guidelines, and interpretations that we apply to a wide range of matters that are relevant to our business, including, but not limited to, revenue recognition, equity-based compensation, and other matters, are complex and involve subjective assumptions, estimates, and judgments by our management. Changes in these accounting pronouncements or their interpretation, or changes in underlying assumptions, estimates, or judgments by our management, could significantly change our reported or expected financial performance.

We prepare our consolidated financial statements in conformity with GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting policies. Market conditions have prompted accounting standard setters to issue new guidance that further interprets or seeks to revise accounting pronouncements related to financial instruments, structures, or transactions, as well as to issue new standards expanding disclosures. A change in these policies can have a significant effect on our reported results and may even retroactively affect previously

reported transactions. It is possible that future accounting standards we would be required to adopt could change the current accounting treatment applied to our consolidated financial statements and such changes could have a material adverse effect on our business, results of operations, financial condition, and liquidity.

Changes in lease accounting standards may materially and adversely affect us.

The Financial Accounting Standards Board, or FASB, recently adopted new accounting rules, to be effective for our fiscal year beginning after December 2019, that will require companies to capitalize most leases on their balance sheets by recognizing a lessee's rights and obligations. When the rules are effective, we may be required to account for certain leases as assets and liabilities on our balance sheet. As a result, lease-related assets and liabilities may be recorded on our balance sheet, and we may be required to make other changes to the recording and classification of our lease-related expenses. Though these changes will not have any direct effect on our overall financial condition, these changes will cause the total amount of assets and liabilities we report to increase.

Our effective tax rate may vary significantly from period to period.

Various internal and external factors may have favorable or unfavorable effects on our future effective tax rate. These factors include, but are not limited to, changes in tax laws both within and outside the U.S., regulations and/or rates, structural changes in our business, new or changes to accounting pronouncements, non-deductible goodwill impairments, changing interpretations of existing tax laws or regulations, changes in the relative proportions of revenues and income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates, the future levels of tax benefits of equity-based compensation, changes in overall levels of pretax earnings, or by changes in the valuation of our deferred tax assets and liabilities. Additionally, we could be challenged by state and local tax authorities as to the propriety of our sales tax compliance, and our results could be materially impacted by these compliance determinations.

In addition, our effective tax rate may vary significantly depending on our stock price. The tax effects of the accounting for share-based compensation may significantly impact our effective tax rate from period to period. In periods in which our stock price is higher than the grant price of the share-based compensation vesting in that period, we will recognize excess tax benefits that will decrease our effective tax rate. In future periods in which our stock price is lower than the grant price of the share-based compensation vesting in that period, our effective tax rate may increase. The amount and value of share-based compensation issued relative to our earnings in a particular period will also affect the magnitude of the impact of share-based compensation on our effective tax rate. These tax effects are dependent on our stock price, which we do not control, and a decline in our stock price could significantly increase our effective tax rate and adversely affect our financial results.

Risks Related to Legal and Regulatory Matters

Our business could be adversely affected by ongoing professional and legal challenges to our business model or by new state actions restricting our ability to provide our products and services in certain states.

A number of dental and orthodontic professionals believe that clear aligners are appropriate for only a limited percentage of their patients. National and state dental associations have issued statements discouraging use of orthodontics using a teledentistry platform. Increased market acceptance of our remote clear aligner treatment may depend, in part, upon the recommendations of dental and orthodontic professionals and associations, as well as other factors including effectiveness, safety, ease of use, reliability, aesthetics, and price compared to competing products.

Furthermore, our ability to conduct business in each state is dependent, in part, upon that particular state's treatment of remote healthcare and that state dental board's regulation of the practice of dentistry,

each which are subject to changing political, regulatory, and other influences. There is a risk that state authorities may find that our contractual relationships with our doctors violate laws and regulations prohibiting the corporate practice of dentistry, which generally bar the practice of dentistry by entities. Two state dental boards have established new rules or interpreted existing rules in a manner that purports to limit or restrict our ability to conduct our business as currently conducted. The Georgia Board of Dentistry passed a new rule that requires a licensed dentist to be present when 3D oral images are taken by a dental assistant, and the Board of Dental Examiners of Alabama has interpreted existing rules to require "direct supervision" (meaning the dentist must be physically present somewhere in the building) for the taking of digital oral images. In both Georgia and Alabama, we have filed lawsuits in Federal court against the dental boards and their individual members alleging, among other things, violations of the Sherman Act. In addition, a national orthodontic association has met with various dental boards across the country in an effort to advocate for new rules and regulations that could have the effect of interfering with our business model. Although, none of these efforts have resulted in rules and regulations being passed to date, it is possible that the rules and regulations governing the practice of dentistry and orthodontics in one or more states may change or be interpreted in a manner unfavorable to our business. If adverse regulations are adopted or any such claims are successful, and we were unable to adapt our business model accordingly, our operations in such states would be disrupted, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, a national dental association recently filed a citizen petition with FDA alleging that our manufacturing is in violation of "prescription only" requirements. See "*Our Business—Regulatory Matters—State professional regulation*" and "*Our Business—Legal Proceedings*."

Our success depends in part on our proprietary technology, and if we are unable to successfully enforce our intellectual property rights, our competitive position may be harmed.

Our success will depend in part on our ability to maintain existing intellectual property and to obtain and maintain further intellectual property protection for our products and services, both in the U.S. and in other countries. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright, and trade secret laws, as well as licensing agreements and third-party confidentiality and assignment agreements. Our inability to do so could harm our competitive position. We have two issued U.S. patents, one allowed U.S. patent, and numerous pending U.S. and global patent applications.

We rely on our portfolio of issued and pending patent applications in the U.S. and other countries to protect a large part of our intellectual property and our competitive position; however, our currently pending or future patent filings may not result in the issuance of patents. While we generally apply for patents in those countries where we intend to make, have made, use, or sell patented products, we may not accurately predict all of the countries where patent protection will ultimately be desirable. If we fail to timely file for a patent, we may be precluded from doing so at a later date. Additionally, any patents issued to us may be challenged, invalidated, held unenforceable, circumvented, or may not be sufficiently broad to prevent third parties from producing competing products similar in design to our products. In addition, any protection afforded by foreign patents may be more limited than that provided under U.S. patent and intellectual property laws. There can be no assurance that any of our patents, any patents licensed to us, or any patents which may be issued in the future, will provide us with a competitive advantage or afford us protection against infringement by others, or that the patents will not be successfully challenged or circumvented by third parties, including our competitors. Further, there can be no assurance that we will have adequate resources to enforce our patents.

We also rely on protection of copyright, trade secrets, know-how, and confidential and proprietary information. We generally enter into confidentiality and non-compete agreements with our employees, consultants, and collaborative partners upon their commencement of a relationship with us. However, these agreements may not provide meaningful protection against the unauthorized use or disclosure of our trade secrets or other confidential information, and adequate remedies may not exist if unauthorized use or disclosure were to occur. The exposure of our trade secrets and other proprietary information would impair our competitive advantages and could have a material adverse effect on our operating results, financial condition, and future growth prospects. In particular, a failure to protect our proprietary rights might allow competitors to copy our technology, which could adversely affect our pricing and market share. Further, other parties may independently develop substantially equivalent know-how and technology.

We rely on our trademarks, trade names, and brand names to distinguish our products and services from the products and services of our competitors, and have registered or applied to register many of these trademarks. There can be no assurance that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products and services, which could result in loss of brand recognition, and could require us to devote resources advertising and marketing new brands. Further, there can be no assurance that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks. We also license third parties to use our trademarks. In an effort to preserve our trademark rights, we enter into license agreements with these third parties, which govern the use of our trademarks and require our licensees to abide by quality control standards with respect to the goods and services that they provide under our trademarks. Although we make efforts to police the use of our trademarks by our licensees, there can be no assurance that these efforts will be sufficient to ensure that our licensees abide by the terms of their licenses. In the event that our licensees fail to do so, our trademark rights could be diluted.

Litigation, interferences, oppositions, re-exams, inter partes reviews, post grant reviews, or other proceedings are, have been, and may in the future be necessary in some instances to determine the validity and scope of certain of our proprietary rights, and in other instances to determine the validity, scope, or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use, or sale of our products or provision of our services. These types of proceedings are unpredictable and may be protracted, expensive, and distracting to management. The outcome of such proceedings could adversely affect the validity and scope of our patent or other proprietary rights, hinder our ability to manufacture and market our products and provide our services, require us to seek a license for the infringed product or technology, or result in the assessment of significant monetary damages. An unfavorable ruling could include monetary damages or, in cases where injunctive relief is sought, an injunction prohibiting us from selling our products or providing our services. Any of these results from our litigation could adversely affect our results of operations and stock price.

We also currently license our treatment setup software under a license from CA Digital gmbH, which provides us exclusive third-party use of the licensed software on a global basis. We do not control the protection of the intellectual property subject to this license and, as a result, although we could seek an alternate source, we are largely dependent upon our licensor to determine the appropriate strategy for protecting such intellectual property.

If we infringe the patents or proprietary rights of other parties or are subject to an intellectual property infringement or misappropriation claim, our ability to grow our business may be severely limited.

Extensive litigation over patents and other intellectual property rights is common in the dental and orthodontic industry. We have in the past and may in the future be the subject of patent or other litigation in the future. From time to time, we have received and may in the future receive letters from third parties drawing our attention to their patent rights. While we do not believe that we infringe upon any valid and enforceable rights that have been brought to our attention, and we take necessary steps to ensure that we

do not infringe on the rights of others, there may be other more pertinent rights of which we are presently unaware. The defense and prosecution of intellectual property suits, interference proceedings, and related legal and administrative proceedings could result in substantial expense to us and significant diversion of effort by our technical and management personnel. An adverse determination of any litigation or interference proceeding to which we may become a party could subject us to significant liabilities. An adverse determination of this nature could also put our patents at risk of being invalidated or interpreted narrowly, or require us to seek licenses from third parties. Licenses may not be available on commercially reasonable terms or at all, in which event, our business would be materially adversely affected.

Complying with regulations enforced by FDA and other regulatory authorities is expensive and time-consuming, and failure to comply could result in substantial penalties.

Some of our products are considered medical devices, which are subject to extensive regulation in the U.S. and internationally. FDA regulations are wide ranging and govern, among other things:

- product design, development, manufacturing, and testing;
- product labeling;
- product storage;
- product safety;
- pre-market clearance or approval;
- complaint handling and corrective actions;
- recordkeeping procedures and postmarket surveillance;
- advertising and promotion; and
- product sales and distribution.

The regulations to which we are subject are complex. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs, or lower than anticipated sales. Our failure to comply with applicable regulatory requirements could result in enforcement action by FDA or state agencies, which may include any of the following sanctions:

- warning letters, fines, injunctions, consent decrees, and civil penalties;
- repair, replacement, refunds, recall, or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing our requests for 510(k) clearance or pre-market approval of new products, new intended uses, or modifications to existing products;
- withdrawing clearance or pre-market approvals that have already been granted; and
- criminal prosecution.

If any of these events were to occur, they could harm our business.

We may not receive the necessary authorizations to market our new products, and any failure to timely do so may adversely affect our ability to grow our business.

Our future success will also depend on our ability to obtain regulatory approval or clearance of certain new products. Before we can sell a new medical device in the U.S., or market a new use of, new claim for, or significant modification to a legally marketed device, we must first obtain either clearance under

Section 510(k) of the Federal Food, Drug, and Cosmetic Act ("FD&C Act") or other FDA authorizations, if applicable, unless an exemption applies.

In the 510(k) clearance process, before a device may be marketed, FDA must determine that a proposed device is "substantially equivalent" to a legally-marketed "predicate" device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics, not raise different questions of safety or effectiveness than the predicate device, and be as safe and as effective as the predicate device. The 510(k) clearance process can be expensive and uncertain and can take from three to 12 months, but may last significantly longer. Clinical data may be required in connection with an application for 510(k) clearance. Furthermore, even if we are granted regulatory clearances or approvals, they may include limitations on the indications for use or intended uses of the device, which may limit the market for the device.

We market our clear aligners in the U.S. pursuant to 510(k) clearance.

FDA can delay, limit, or deny 510(k) clearance, or other approval or reclassification, of a device for many reasons, including:

- we may be unable to demonstrate to FDA's satisfaction that the products or modifications are substantially equivalent to a proposed predicate device or safe and effective for their intended uses;
- we may be unable to demonstrate that the clinical and other benefits of the device outweigh the risks; and
- the applicable regulatory authority may identify deficiencies in our submissions or in the facilities or processes of our third party contract manufacturers.

Any delay or failure to obtain necessary regulatory clearances or approvals could harm our business.

In addition, FDA may change its policies, adopt additional regulations, revise existing regulations, or take other actions, or Congress may enact different or additional statutory requirements, which may prevent or delay clearance of our future products under development or impact our ability to modify our currently marketed products on a timely basis. Such policy, statutory, or regulatory changes could impose additional requirements upon us that could delay our ability to obtain new 510(k) clearances, increase the costs of compliance, or restrict our ability to maintain our current marketing authorizations.

We will also need to obtain regulatory approval in other foreign jurisdictions in which we plan to market and sell our products, although we already have regulatory approval in Canada, Australia, the U.K., and the E.U. The time required to obtain registrations or approvals, if required by other countries, may be longer than that required for FDA clearance, and requirements for such registrations, clearances, or approvals may significantly differ from FDA requirements. If we modify our products, we or our distributors may need to apply for additional regulatory approvals before we are permitted to sell the modified product. In addition, we may not continue to meet the quality and safety standards required to maintain the authorizations that we have received. If we are unable to maintain our authorizations in a particular country, we will no longer be able to sell the applicable product in that country.

Failure to comply with these rules, regulations, self-regulatory codes, circulars, and orders could result in significant civil and criminal penalties and costs and could have a material adverse impact on our business. Also, these regulations may be interpreted or applied by a prosecutorial, regulatory, or judicial authority in a manner that could require us to make changes in our operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private relators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial and regulatory authorities, increasing compliance risks.

Certain modifications to our products may require new 510(k) clearance or other marketing authorizations and may require us to recall or cease marketing our products.

Once a medical device is permitted to be legally marketed in the U.S. pursuant to a 510(k) clearance, a manufacturer may be required to notify FDA of certain modifications to the device. Manufacturers determine in the first instance whether a change to a product requires a new premarket submission, but FDA may review any manufacturer's decision. FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. We have made modifications to our products in the past and have determined, based on our review of the applicable FDA regulations and guidance, that in certain instances new 510(k) clearances or other premarket submissions were not required. We may make similar modifications or add additional features in the future that we believe do not require a new 510(k) clearance. If FDA disagrees with our determinations and requires us to submit new 510(k) notifications, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties.

Our products must be manufactured in accordance with federal, state, and international regulations, and we could be forced to recall our products or terminate production if we fail to comply with these regulations.

The methods used in, and the facilities used for, the manufacture of our products must comply with FDA's Quality System Regulation ("QSR") which is a complex regulatory scheme that covers the procedures and documentation of, among other requirements, the design, testing, validation, verification, complaint handling, production, process controls, quality assurance, labeling, supplier evaluation, packaging, handling, storage, distribution, installation, servicing, and shipping of medical devices. Furthermore, we are required to verify that our suppliers maintain facilities, procedures, and operations that comply with our quality standards and applicable regulatory requirements. FDA enforces the QSR through, among other oversight methods, periodic announced or unannounced inspections of medical device manufacturing facilities, which may include the facilities of subcontractors, suppliers, or contract manufacturing organizations. Our products are also subject to similar state regulations and may become subject to similar laws and regulations of foreign countries. Our failure to comply with the QSR or similar requirements could result in enforcement actions, sanctions, recalls, detentions, seizures, or similar market actions with respect to our products, among other potential consequences. If any of these or other events occur, there could be a negative impact on the supply of our products, our reputation could be harmed, we could be exposed to product liability claims, and we could lose customers and suffer reduced revenue and increased costs.

Our products may cause or contribute to adverse medical events that we are required to report to FDA and other governmental authorities, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, results of operations, and financial condition. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of FDA or another governmental authority, could have a negative impact on us.

We are required to timely file various reports with FDA, including reports required by the medical device reporting regulations ("MDRs") which require us to report to FDA when we receive or become aware of information that reasonably suggests that one of our products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur to the device or a similar device that we market, could cause or contribute to a death or serious injury. If we fail to comply with our reporting obligations, FDA or other governmental authorities could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products, or delay in clearance of future products. FDA and certain foreign regulatory bodies have the authority to require the recall of commercialized products under certain circumstances.

A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects, or other deficiencies, or failures to comply with applicable regulations. If we do not adequately address problems associated with our devices, we may face additional regulatory requirements or enforcement action, including required new marketing authorizations, FDA warning letters, product seizure, injunctions, administrative penalties, or civil or criminal proceedings.

We may initiate voluntary withdrawals, removals or corrections for our products in the future that we determine do not require notification of FDA. If FDA disagrees with our determinations, it could require us to report those actions and we may be subject to enforcement action. A future recall announcement or other corrective action could harm our financial results and reputation, potentially lead to product liability claims against us, require the dedication of our time and capital, and negatively affect our sales.

In addition, FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. For example, in November 2018, FDA announced that it plans to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. It is unclear the extent to which any proposals, if adopted, could impose additional regulatory requirements on us that could delay our ability to obtain new 510(k) clearances, increase the costs of compliance, or restrict our ability to maintain our current clearances.

We also cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative or executive action, either in the U.S. or abroad. For example, the Trump Administration has taken several executive action that could impose significant burdens on, or otherwise materially delay, FDA's ability to engage in routine regulatory and oversight activities. It is difficult to predict how these executive actions may affect FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Extensive and changing government regulation of the healthcare industry may be expensive to comply with and exposes us to the risk of substantial government penalties.

Participants in the healthcare industry are subject to extensive and frequently changing regulations under numerous laws administered by governmental entities at the federal, state, and local levels, some of which are, and others of which may be, applicable to our business, including certain federal and state healthcare laws and regulations pertaining to fraud and abuse, such as anti-kickback, self-referral, false claims, and consumer protection laws.

Further, the healthcare industry has changed significantly over time, and we expect the industry to continue to evolve. By way of example, in response to perceived increases in health care costs, Congress passed health care reform legislation that was signed into law in March 2010. This legislation contains many provisions designed to generate the revenues necessary to fund the healthcare coverage expansions provided for therein. The most relevant of these provisions to our business are those that impose fees or taxes on certain health-related industries, including medical device manufacturers. The healthcare market itself is highly regulated and subject to changing political, economic, and regulatory influences. Complying with these laws and regulations could be expensive and time-consuming, and could increase our operating costs or reduce or eliminate certain of our sales and marketing activities or our revenues. If we or our operations are found to be in violation of any of these laws and regulations, we may be subject to penalties that could materially adversely affect our business, results of operations, and financial condition. See "*Our Business—Regulatory Matters—State professional regulation*" and "*Our Business—Regulatory Matters—Other U.S. federal and state laws.*"

Changes in the regulation of the internet could adversely affect our business.

Laws, rules, and regulations governing internet communications, advertising, and e-commerce are dynamic, and the extent of future government regulation is uncertain. Federal and state regulations govern various aspects of our online business, including intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, marketing and advertising, user privacy and data security, search engines, and internet tracking technologies. Future taxation on the use of the internet or e-commerce transactions could also be imposed. Existing or future regulation or taxation could increase our operating expenses and expose us to significant liabilities.

We are subject to data privacy and security laws and regulations governing our collection, use, disclosure, and storage of personally identifiable information, including personal health information, which may impose restrictions on us and our operations and subject us to penalties if we are unable to fully comply with such laws.

In order to provide our products and services, we routinely receive, process, transmit, and store personally identifiable information ("PII"), including personal health information, of individuals, as well as other financial, confidential, and proprietary information belonging to our clients and third parties from which we obtain information (e.g., private insurance companies, financial institutions, etc.). The receipt, maintenance, protection, use, transmission, disclosure, and disposal of this information is regulated at the federal, state, international, and industry levels and we may also have obligations with respect to this information pursuant to our contractual requirements. These laws, rules, and requirements are subject to frequent change. Compliance with new privacy and security laws, regulations, and requirements may result in increased operating costs and may constrain or require us to alter our business model or operations.

These laws and regulations include the Health Information Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations (referred to collectively as "HIPAA"). Among other requirements, HIPAA establishes privacy and security standards for the protection of Protected Health Information ("PHI") by health plans, healthcare clearinghouses, and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services, which includes us. HIPAA imposes mandatory penalties for certain violations. Penalties will vary significantly depending on factors such as the date of the violation, whether the covered entity or business associate knew or should have known of the failure to comply, or whether the failure to comply was due to willful neglect. HIPAA also authorizes state attorneys general to file suit on behalf of their residents and authorizes state attorneys general to file suit on behalf of their residents. Courts are able to award damages, costs, and attorneys' fees related to violations of HIPAA in such cases, and HIPAA standards have been used as the basis for duty of care in state civil suits, such as those for negligence or recklessness in the misuse or breach of PHI. In addition, HIPAA mandates that the Secretary of Health and Human Services ("HHS") conduct periodic compliance audits of HIPAA covered entities or business associates for compliance with the HIPAA Privacy and Security Standards. HIPAA requires notification of affected patients and HHS, and in certain cases of media outlets, for unauthorized acquisition, access, use, or disclosure of PHI, with certain exceptions related to unintentional or inadvertent use or disclosure by employees or authorized individuals.

We have members throughout all 50 states, and our solutions may contain healthcare information of patients located across all 50 states. Therefore, we may be subject to the privacy laws of each such state, which vary from state to state and, in some cases, can impose more restrictive requirements than federal law, for instance in California. The interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and our clients and potentially exposing us to additional expense, adverse publicity, and liability. Further, as regulatory focus on privacy issues continues to increase and laws and regulations concerning the protection of personal information are proposed, enacted, or expanded or become more complex, the risks to our business could intensify. Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as PHI or PII, along with increased member demands for enhanced data security infrastructure, could greatly increase our cost of providing our products or services, decrease demand for our products or services, reduce our revenue, and/or subject us to additional liabilities.

We are also subject to the Personal Information Protection and Electronic Documents Act ("PIPEDA") and similar provincial laws in Canada. PIPEDA is the federal privacy law for private-sector organizations. It sets out the ground rules for how businesses must handle personal information in the course of commercial activity. Under PIPEDA, we must obtain an individual's consent when we collect, use or disclose that individual's personal information. Individuals have the right to access and challenge the accuracy of their personal information held by an organization, and personal information may only be used for the purposes for which it was collected. If an organization intends to use personal information for another purpose, it must again obtain that individual's consent. Failure to comply with PIPEDA could result in significant fines and penalties or possible damage awards for the tort of public humiliation.

As we expand internationally, we will be subject to additional privacy rules, many of which, such as the E.U.'s General Data Protection Regulation (the "GDPR") are significantly more stringent than those in the U.S. We cannot yet determine the impact such future laws, regulations and standards may have on our business. Complying with these evolving obligations is costly, and any failure to comply could give rise to unwanted media attention and other negative publicity, damage our member and consumer relationships and reputation, and result in lost sales, fines, or lawsuits.

Noncompliance or findings of noncompliance with applicable laws, regulations, or requirements, or the occurrence of any privacy or security breach involving the misappropriation, loss, or other unauthorized disclosure of sensitive personal information, whether by us or by one of our third party service providers, could have a material adverse effect on our reputation and business, including, among other consequences, mandatory disclosure to the media, loss of existing or new members, significant increases in the cost of managing and remediating privacy or security incidents, and material fines, penalties, and litigation awards, any of which could have a material adverse effect on our results of business, results of operations, and financial condition. See "*Our Business—Regulatory Matters—Post-market Regulation—Health information privacy and security laws*."

We obtain and process a large amount of sensitive data. Our systems and networks may be subject to cyber-security breaches and other disruptions that could compromise our information. Any real or perceived improper use of, disclosure of, or access to such data could harm our reputation and have a material adverse effect on our business, results of operations, and financial condition.

We use, obtain, and process large amounts of confidential, sensitive, and proprietary data, including PHI subject to HIPAA and PII subject to state and federal privacy, security, and breach notification laws. The secure processing and maintenance of this information is critical to our operations and business strategy. If our or our members' confidential information is lost, improperly disclosed, or threatened to be disclosed, our insurance may not protect us from these risks.

Our website and information systems may be subject to computer viruses, break-ins, phishing impersonation attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware, and similar incidents or disruptions from unauthorized use of our computer systems, as well as unintentional incidents, including employee or system error, causing data leakage, any of which could lead to interruptions, delays, or website shutdowns, or could cause loss of critical data or the unauthorized disclosure, access, acquisition, alteration, or use of personal or other confidential information. It is critical that our facilities and infrastructure remain secure and are also perceived by the marketplace and our members to be secure. Our infrastructure may be vulnerable to physical break-ins, computer viruses, programming errors or other technical malfunctions, hacking or phishing attacks by third parties, employee error or malfeasance, or similar disruptive problems. If we fail to meet our members' expectations regarding the security of healthcare information, we could incur significant liability and be subject to regulatory scrutiny and penalties and our reputation and competition position could be impaired. Affected parties could initiate legal or regulatory action against us, which could cause us to incur significant expense and liability or result in orders forcing us to modify our business practices. We could be forced to expend significant resources investigating the cause of the incident, repairing system damage, increasing cyber-

security protection, and notifying and providing credit monitoring to affected individuals. Concerns over our privacy practices could adversely affect others' perception of us and deter members, advertisers, and partners from using our products. All of this could increase our expenses and divert the attention of our management and key personnel away from our business operations. Member care could suffer, and we could be liable if our systems fail to deliver correct information in a timely manner. Our insurance may not protect us from these risks.

We are subject to consumer protection laws that regulate our marketing practices and prohibit unfair or deceptive acts or practices. Our actual or perceived failure to comply with such obligations could harm our business, and changes in such regulations or laws could require us to modify our products or, marketing or advertising efforts.

In connection with the marketing or advertisement of our products and services, we could be the target of claims relating to false, misleading, deceptive, or otherwise noncompliant advertising or marketing practices, including under the auspices of the FTC and state consumer protection statutes. If we rely on third parties to provide any marketing and advertising of our products and services, we could be liable for, or face reputational harm as a result of, their marketing practices if, for example, they fail to comply with applicable statutory and regulatory requirements.

If we are found to have breached any consumer protection, advertising, unfair competition, or other laws or regulations, we may be subject to enforcement actions that require us to change our marketing and business practices in a manner which may negatively impact us. This could also result in litigation, fines, penalties, and adverse publicity that could cause reputational harm and loss of member trust, which could have an adverse effect on our business.

We are subject to a number of risks related to the credit card and debit card payments we accept.

We accept payments through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees may require us to increase the prices we charge and would increase our operating expenses, either of which could harm our business, results of operations, and financial condition.

If we or our processing vendors fail to maintain adequate systems for the authorization and processing of credit and debit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if these systems fail to work properly and, as a result, we do not charge our members' credit or debit cards on a timely basis or at all, our business, revenue, results of operations, and financial condition could be harmed.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated in exploiting weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our members could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher card-related costs, each of which could harm our business, results of operations, and financial condition.

We are also subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. We are required to comply with payment card industry security standards. Failing to comply with those standards may violate payment card association operating rules, federal and state laws and regulations, and the terms of our contracts with payment processors. Any failure to comply fully also may

subject us to fines, penalties, damages, and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Further, there is no guarantee that such compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, card holders, and transactions.

If we are unable to maintain our chargeback rate or refund rates at acceptable levels, our processing vendor may increase our transaction fees or terminate its relationship with us. Any increases in our credit and debit card fees could harm our results of operations, particularly if we elect not to raise our rates for our products and services to offset the increase. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business.

Issues related to the quality and safety of our products, raw materials, or packaging could cause a product recall or discontinuation or litigation, resulting in harm to our reputation and negatively impacting our business, results of operations, and financial condition.

Medical devices involve an inherent risk of product liability claims and associated adverse publicity. Our products generally maintain a good reputation with members, but issues related to quality and safety of products, raw materials, or packaging, could jeopardize our image and reputation. Negative publicity related to these types of concerns, whether valid or not, might negatively impact demand for our products or cause production and delivery disruptions. We may need to recall or discontinue products if they become unfit for use. In addition, we could potentially be subject to litigation or government action, which could result in payment of fines or damages. Although we intend to continue to maintain product liability insurance, adequate insurance may not be available on acceptable terms, if at all, and may not provide adequate coverage against potential liabilities. Also, other types of claims asserted against us may not be covered by insurance. A successful claim brought against us in excess of available insurance, or another type of claim which is uninsured or that results in significant adverse publicity against us, could harm our business, and results of operations, and financial condition. Any claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. These costs would have the effect of increasing our expenses and diverting management's attention away from the operation of our business, and could harm our business. Cost associated with these potential actions could negatively affect our business, results of operations, and financial condition.

Risks Related to Our Organization and Structure

After the completion of this offering, pursuant to the Voting Agreement, David Katzman, our Chairman and Chief Executive Officer, will control a majority of the voting power of shares of our common stock eligible to vote in the election of our directors and on other matters submitted to a vote of our stockholders, and his interests may conflict with ours or yours in the future.

Holders of our Class A common shares and our Class B common shares will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, with each share of Class A common stock entitling the holder to one vote and each share of Class B common stock entitling the holder to ten votes. In connection with the Reorganization Transactions and prior to the consummation of this offering, the Voting Group will enter into the Voting Agreement, pursuant to which the Voting Group will give David Katzman, our Chairman and Chief Executive Officer, sole voting, but not dispositive, power over the shares of our Class B common stock beneficially owned by the Voting Group. Accordingly, immediately following this offering, pursuant to the Voting Agreement, David Katzman will control a majority of the voting power of shares of our common stock eligible to vote in the election of our directors and on other matters submitted to a vote of our stockholders. So long as % of shares of Class B common stock remain outstanding, the holders of our Class B common stock will be able to control of the outcome of matters submitted to a stockholder vote. Even when the Voting Group ceases to own shares of our common stock representing a majority of the total voting power, for so long as the Voting Group continues to own a significant percentage of our common stock, David Katzman, through his

voting power, will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. Accordingly, for such period of time, David Katzman will have significant influence with respect to our management, business plans, and policies, including the appointment and removal of our officers. In particular, until the earlier of (i) the ten-year anniversary of the consummation of this offering or (ii) the date on which the shares of Class B common stock held by the Voting Group and their permitted transferees represent less than 15% of the Class B common stock held by the Voting Group and their permitted transferees as of immediately following the consummation of this offering, David Katzman will be able to cause or prevent a change of control of us or a change in the composition of our board of directors and could preclude any unsolicited acquisition of us. The concentration of voting power could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of us and ultimately might affect the market price of our Class A common stock. See "*Certain Relationships and Related Party Transactions—Voting Agreement*."

David Katzman and Camelot Venture Group ("Camelot"), with which he and certain other members of the Voting Group are affiliated, engage in a broad spectrum of activities. While the SDC Financial LLC Agreement will restrict the Continuing LLC Members from engaging in certain competing business activities, David Katzman and Camelot may engage in activities where their interests conflict with our interests or those of our stockholders.

We will be a holding company. Our sole material asset after completion of this offering will be our equity interest in SDC Financial, and as such, we will depend on our subsidiaries for cash to fund all of our expenses, including taxes and payments under the Tax Receivable Agreement.

We are a holding company and will have no material assets other than our ownership of LLC Units. Our ability to pay cash dividends will depend on the payment of distributions by our current and future subsidiaries, including SDC Financial, SmileDirectClub, LLC ("SDC LLC") and SDC Holding, LLC ("SDC Holding"), and such distributions may be restricted as a result of regulatory restrictions, state law regarding distributions by a limited liability company to its members, or contractual agreements, including any future agreements governing their indebtedness.

SDC Financial will be treated as a flow-through entity for U.S. federal income tax purposes and, as such, generally will not be subject to U.S. federal income tax. Instead, taxable income will be allocated to holders of LLC Units, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of SDC Financial and will also incur expenses related to our operations. Subject to having available cash and subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments), the SDC Financial LLC Agreement requires SDC Financial to make certain distributions to us and the Continuing LLC Members, calculated using an assumed tax rate, to facilitate the payment of taxes with respect to the income of SDC Financial that is allocated to us and them. We also will incur expenses related to our operations and intend to cause SDC Financial to make distributions or, in the case of certain expenses, payments in an amount sufficient to allow us to pay our taxes and operating expenses and to fund our payment of amounts due under the Tax Receivable Agreement. Because tax distributions are based on an assumed tax rate, SDC Financial may be required to make tax distributions that, in the aggregate, exceed the amount of taxes that SDC Financial would have paid if it were itself taxed on its net income. SDC Financial's ability to make such distributions may be subject to various limitations and restrictions. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations (as a result of SDC Financial's inability to make distributions due to various limitations and restrictions or as a result of the acceleration of our obligations under the Tax Receivable Agreement), we may have to borrow funds, and our liquidity and financial condition could be materially and adversely affected. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest. See "*Organizational Structure*" and "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."

SDC Financial may make distributions of cash to us substantially in excess of the amounts we use to make distributions to our stockholders and pay our expenses (including our taxes and payments under the Tax Receivable Agreement). To the extent we do not distribute such excess cash as dividends on our Class A common stock, the Continuing LLC Members would benefit from any value attributable to such cash as a result of their ownership of Class A common stock upon an exchange or redemption of their LLC Units.

Following this offering, we will receive a portion of any distributions made by SDC Financial. Any cash received from such distributions will first be used by us to satisfy any tax liability and then to make any payments required under the Tax Receivable Agreement. Subject to having available cash and subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments), the SDC Financial LLC Agreement requires SDC Financial to make certain distributions to us and the Continuing LLC Members, pro rata, to facilitate the payment of taxes with respect to the income of SDC Financial that is allocated to us and them. To the extent that the tax distributions we receive exceed the amounts we actually require to pay taxes, Tax Receivable Agreement payments, and other expenses, we will not be required to distribute such excess cash. Our board of directors may, in its sole discretion, choose to use such excess cash for any purpose, including (i) to make distributions to the holders of our Class A common stock, (ii) to acquire additional newly issued LLC Units, and/or (iii) to repurchase outstanding shares of our Class A common stock. Unless and until our board of directors chooses, in its sole discretion, to declare a distribution, we will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders.

No adjustments to the redemption or exchange ratio of LLC Units for shares of our Class A common stock will be made as a result of either (i) any cash distribution by us or (ii) any cash that we retain and do not distribute to our stockholders. To the extent we do not distribute such cash as dividends on our Class A common stock and instead, for example, hold such cash balances, buy additional LLC Units or lend them to SDC Financial, this may result in shares of our Class A common stock increasing in value relative to the LLC Units. The holders of LLC Units may benefit from any value attributable to such cash balances if they acquire shares of Class A common stock in exchange for their LLC Units or if we acquire additional LLC Units (whether from SDC Financial or from holders of LLC Units) at a price based on the market price of our Class A common stock at the time. See "*Certain Relationships and Related Party Transactions —SDC Financial LLC Agreement*" and "*Dividend Policy*" for further information.

Pursuant to the Tax Receivable Agreement, we will be required to pay the Continuing LLC Members for certain tax benefits we may claim as a result of the tax basis step-up we receive in connection with this offering, as well as subsequent exchanges of LLC Units for shares of Class A common stock or cash. In certain circumstances, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual tax benefits we realize.

Our purchase of LLC Units from SDC Financial, coupled with SDC Financial's purchase and cancellation of LLC Units from the Pre-IPO Investors in connection with this offering and any future exchanges of LLC Units for our Class A common stock or cash are expected to result in increases in our allocable tax basis in the assets of SDC Financial that otherwise would not have been available to us. These increases in tax basis are expected to reduce the amount of cash tax that we would otherwise have to pay in the future due to increases in depreciation and amortization deductions (for tax purposes). These increases in tax basis may also decrease gain (or increase loss) on future dispositions of certain assets of SDC Financial to the extent the increased tax basis is allocated to those assets. The Internal Revenue Service ("IRS") may challenge all or part of these tax basis increases, and a court could sustain such a challenge.

In connection with the consummation of this offering, we and SDC Financial will enter into the Tax Receivable Agreement, pursuant to which we will agree to pay the Continuing LLC Members 85% of the cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realize as a result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement.

See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*." While the actual increase in tax basis, as well as the actual amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, future tax rates, and the amount and timing of our income, we expect that, as a result of the size of the increases in the tax basis of the tangible and intangible assets of SDC Financial attributable to our interests in SDC Financial, during the expected term of the Tax Receivable Agreement, the payments that we may make to the Continuing LLC Members could be substantial.

The payment obligation under the Tax Receivable Agreement is our obligation and not an obligation of SDC Financial. In addition, the Continuing LLC Members will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, although excess payments made to any Continuing LLC Member may be netted against payments otherwise to be made, if any, to the relevant Continuing LLC Member after our determination of such excess. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments from which to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, in certain circumstances we may make payments to the Continuing LLC Members under the Tax Receivable Agreement in excess of our actual cash tax savings. Our ability to achieve benefits from any tax basis increase, and the payments to be made under the Tax Receivable Agreement, will depend upon a number of factors, as discussed above, including the timing and amount of our future income.

In addition, the Tax Receivable Agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control, a material breach of our obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, our (or our successor's) obligations with respect to exchanged or acquired LLC Units (whether exchanged or acquired before or after such change of control or early termination) would be based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the Tax Receivable Agreement, and, in the case of certain early termination elections, that any LLC Units that have not been exchanged will be deemed exchanged for the market value of the Class A common stock at the time of termination. Consequently, it is possible, in these circumstances, that the actual cash tax savings realized by us may be significantly less than the corresponding Tax Receivable Agreement payments.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay attempts to acquire us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that may make the merger or acquisition of us more difficult without the approval of our board of directors. Among other things, these provisions will:

- allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

- preclude stockholder action by written consent at any time when the Voting Group controls, in the aggregate, less than 30% of the voting power of our stock entitled to vote generally in the election of directors, unless such action is unanimously recommended by the board;

- provide that our bylaws may be amended or repealed only by a majority vote of our board of directors or by the affirmative vote of the holders of at least $66^{2}/_{3}\%$ of the votes which all our stockholders would be entitled to cast in any annual election of directors; and

- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of us, including actions that our stockholders may deem advantageous, or could negatively affect the market price of our Class A common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. See "*Description of Capital Stock—Business Combinations.*"

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for certain disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on our behalf, (ii) action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, creditors, or other constituents, (iii) action asserting a claim against us or any our directors or officers arising pursuant to any provision of the Delaware General Corporation Law ("DGCL"), our amended and restated certificate of incorporation, or our amended and restated bylaws, or (iv) action asserting a claim against us or any of our directors or officers governed by the internal affairs doctrine, provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall, with limited exceptions, be another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Provisions in our organizational documents regarding exculpation and indemnification of our directors and officers may result in substantial expenditures by us and may discourage lawsuits against our directors and officers.

Our amended and restated certificate of incorporation and amended and restated bylaws will, to the maximum extent permissible under Delaware law, eliminate the personal liability of our directors and officers to us and our stockholders for damages for breach of fiduciary duty. These provisions may discourage us, or our stockholders through derivative litigation, from bringing a lawsuit against any of our current or former directors or officers for any breaches of their fiduciary duties, even if such legal actions,

if successful, might benefit us or our stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws will provide that we will, to the fullest extent permitted by Delaware law, indemnify our directors and officers for costs or damages incurred by them in connection with any threatened, pending, or completed action, suit, or proceeding brought against by reason of their positions as directors and officers. We also intend to enter into indemnification agreements with each of our directors and executive officers. See "*Certain Relationships and Related Party Transactions—Indemnification Agreements*." Although we expect to purchase directors' and officers' insurance, these indemnification obligations could result in our incurring substantial expenditures to cover the cost of settlement or damage awards against our directors or officers.

Risks Related to Our Common Stock and this Offering

Upon the listing of our Class A common stock on the NASDAQ Global Select Market, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance standards. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After the completion of this offering, pursuant to the Voting Agreement, David Katzman, our Chairman and Chief Executive Officer, will control a majority of the voting power of shares eligible to vote in the election of our directors. Because more than 50% of the voting power in the election of our directors will be held by an individual, group, or another company, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ. As a controlled company, we may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of our Class A common stock:

- a majority of our board of directors consists of "independent directors," as defined under the rules of such exchange;
- our board of directors has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- our board of directors has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

Following this offering, we intend to utilize these exemptions. As a result, immediately following this offering we do not expect that the majority of our directors will be independent or that, other than the audit committee, any committees of our board of directors will be composed entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. See "*Management—Controlled Company Exception*."

We are an "emerging growth company," and the reduced public company reporting requirements applicable to emerging growth companies may make our Class A common stock less attractive to investors.

We qualify as an "emerging growth company," as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to public companies that are not emerging growth companies. These provisions include, but are not limited to: being permitted to have only two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis of financial condition and results of operations disclosure; an exemption from compliance with the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act; not being required to comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report

providing additional information about the audit and the financial statements; reduced disclosure obligations regarding executive compensation arrangements in our periodic reports, registration statements, and proxy statements; and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, the JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We intend to take advantage of the exemptions discussed above. As a result, the information we provide will be different than the information that is available with respect to other public companies. In this prospectus, we have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our Class A common stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and the market price of our Class A common stock may be more volatile.

We will remain an emerging growth company until the earliest of (i) the end of the fiscal year following the fifth anniversary of the completion of this offering, (ii) the first fiscal year after our annual gross revenues exceed $1.07 billion, (iii) the date on which we have, during the immediately preceding three-year period, issued more than $1.00 billion in non-convertible debt securities, or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeds $700 million as of the end of the second quarter of that fiscal year.

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a public company, which could lower our profits or make it more difficult to run our business.

As a public company, we will incur significant legal, accounting, and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will continue to incur costs associated with the Sarbanes-Oxley Act, and related rules implemented by the SEC and NASDAQ. The expenses generally incurred by public companies for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on our board committees, or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions, other regulatory action, and potentially civil litigation.

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock may decline.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. In addition, beginning with our second annual report on Form 10-K, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. The process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation is time consuming, costly, and complicated. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our

financial reports and the market price of our Class A common stock could decline, and we could also become subject to investigations by the stock exchange on which our Class A common stock is listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

There may not be an active trading market for our Class A common stock, which may cause shares of our Class A common stock to trade at a discount from the initial public offering price and make it difficult to sell the shares of Class A common stock you purchase.

Prior to this offering, there has been no public market for our Class A common stock. It is possible that after this offering, an active trading market will not develop or, if developed, that any market will not be sustained, which would make it difficult for you to sell your shares of Class A common stock at an attractive price or at all. The initial public offering price per share of Class A common stock was determined by agreement among us and the representative of the underwriters, and may not be indicative of the price at which shares of our Class A common stock will trade in the public market, if any, after this offering.

The market price of shares of our Class A common stock may be volatile, which could cause the value of your investment to decline.

Even if an active trading market develops, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our Class A common stock regardless of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results or dividends, if any, to stockholders, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments, adverse publicity about the industries we participate in, or individual scandals, and, in response, the market price of our Class A common stock could decrease significantly. You may be unable to resell your shares of Class A common stock at or above the initial public offering price.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We have no current plans to pay cash dividends on our Class A common stock; as a result, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We have no current plans to pay dividends on our Class A common stock. Any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions, and other factors that our board of directors may deem relevant. In addition, our ability to pay cash dividends may be restricted by the terms of any of our future debt financing arrangements, which may contain terms restricting or limiting the amount of dividends that may be declared or paid on our common stock. As a

result, you may not receive any return on an investment in our Class A common stock unless you sell your Class A common stock for a price greater than that which you paid for it.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, the market price of our Class A common stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in this prospectus and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our Class A common stock may decline. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports, the market price of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one of more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our Class A common stock to decline. Moreover, if one or more of the analysts who cover us downgrades our Class A common stock, or if our reporting results do not meet their expectations, the market price of our Class A common stock could decline.

The dual-class structure of our common stock may adversely affect the trading market for our Class A Shares.

S&P Dow Jones' criteria for inclusion of shares of public companies on certain indices, including the S&P 500, excludes companies with multiple classes of shares from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any exclusion from such indices could result in a less active trading market for our Class A common stock. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

We will have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management currently intends to use the net proceeds from this offering in the manner described in "*Use of Proceeds*" and will have broad discretion in the application of a significant part of the net proceeds from this offering. The failure by our management to apply these funds effectively could result in financial losses that could harm our business, cause the market price of our Class A common stock to decline, and delay the development of our operations. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Investors in this offering will experience immediate and substantial dilution.

The initial public offering price of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our Class A common stock. Therefore, if you purchase shares of our Class A common stock in this offering, you will pay a price per share that substantially exceeds our pro forma net tangible book value per share after this offering. Based on the initial public offering price of

$ per share, the midpoint of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma net tangible book value per share after giving effect to this offering and the initial public offering price. In addition, purchasers of Class A common stock in this offering will have contributed % of the aggregate price paid by all purchasers of our Class A common stock but will own only approximately % of our Class A common stock outstanding after this offering. See "*Dilution*" for more detail, including the calculation of the pro forma net tangible book value per share of our Class A common stock.

You may be diluted by the future issuance of common stock, preferred stock, or securities convertible or exchangeable into common or preferred stock, in connection with our incentive plans, acquisitions, capital raises, or otherwise.

After this offering we will have approximately shares of Class A common stock authorized but unissued, including approximately shares of Class A common stock reserved for issuance upon exchange of LLC Units and shares of Class B common stock that will be held by the Continuing LLC Members (or shares of Class A common stock if the underwriters' option to purchase additional shares of Class A common stock is exercised in full). Our amended and restated certificate of incorporation to become effective prior to the consummation of this offering authorizes us to issue these shares of common stock and options, rights, warrants, and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise.

In the future, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Issuing additional shares of our capital stock, other equity securities, or securities convertible into equity may dilute the economic and voting rights of our existing stockholders, reduce the market price of our Class A common stock, or both. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our Class A common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. As a result, holders of our Class A common stock bear the risk that our future offerings may reduce the market price of our Class A common stock and dilute their percentage ownership. See "*Description of Capital Stock*."

Additionally, we have reserved an aggregate of shares of Class A common stock for issuance under our Omnibus Plan. Any Class A common stock that we issue, including under our Omnibus Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase Class A common stock in this offering. We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock issued pursuant to our Omnibus Plan. Any such registration statement on Form S-8 will automatically become effective upon filing. Accordingly, shares of Class A common stock registered under such registration statements will be available for sale in the open market. See "*Executive and Director Compensation—Anticipated Equity Compensation Additions to Our Compensation Program Following the Offering—2019 Omnibus Incentive Plan*."

If we or the Pre-IPO Investors sell additional shares of our Class A common stock after this offering, the market price of our Class A common stock could decline.

The sale of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of our Class A common stock. These

sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering we will have a total of shares of our Class A common stock outstanding (or shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and an additional shares of our Class A common stock issuable upon exchange of LLC Units (and corresponding shares of Class B common stock) held by the Continuing LLC Members. Of the outstanding shares of Class A common stock, the shares sold in this offering (or shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock) will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in "*Shares Eligible for Future Sale*."

The remaining outstanding shares of Class A common stock held by or issuable to our Pre-IPO Investors and management after this offering will be subject to certain restrictions on resale. We, our officers, our directors, and certain Pre-IPO Investors that collectively will own shares of Class A common stock (including shares issuable on exchange of LLC Units) following this offering (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), will sign lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our Class A common stock held by them for 180 days following the date of this prospectus. J.P. Morgan Securities LLC may, in its sole discretion, release all or any portion of the shares of Class A common stock subject to lock-up agreements. Upon the expiration of the lock-up agreements, all such shares of Class A common stock will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale, and other limitations under Rule 144. See "*Shares Eligible for Future Sale*."

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock issued pursuant to our Omnibus Plan. Any such registration statement on Form S-8 will automatically become effective upon filing. Accordingly, shares of Class A common stock registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover shares of our Class A common stock. See "*Executive and Director Compensation—Anticipated Equity Compensation Additions to Our Compensation Program Following the Offering—2019 Omnibus Incentive Plan*."

We also intend to enter into the Registration Rights Agreement with certain Continuing LLC Members, whereby, following this offering and the expiration of the related 180-day lock-up period, we may be required to register under the Securities Act the sale of shares of our Class A common stock that may be issued to Continuing LLC Members upon exchange of their LLC Units. Shares of Class A common stock registered pursuant to the Registration Rights Agreement will also be available for sale in the open market upon such registration unless restrictions apply. See "*Certain Relationships and Related Party Transactions—Registration Rights Agreement*."

As restrictions on resale end, the market price of our Class A common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our common stock or other securities.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions, or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipates," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends," and similar words or phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements are not guarantees of future performance and involve risks and uncertainties which are subject to change based on various important factors, some of which are beyond our control. For more information regarding these risks and uncertainties as well as certain additional risks that we face, refer to the "*Risk Factors*," as well as factors more fully described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and elsewhere in this prospectus. Among the factors that could cause our financial performance to differ materially from that suggested by the forward-looking statements are:

- our ability to effectively manage our growth;
- our ability to effectively execute our business strategies, implement new initiatives, and improve efficiency;
- our sales and marketing efforts;
- our manufacturing capacity and performance and our ability to reduce the per unit production cost of our clear aligners;
- our ability to obtain regulatory approvals for any new or enhanced products;
- our estimates regarding revenues, expenses, capital requirements and needs for additional financing;
- our ability to effectively market and sell, consumer acceptance of, and competition for our clear aligners in new markets;
- our relationships with retail partners and insurance carriers;
- our research, development, commercialization, and other activities and projected expenditures;
- changes or errors in the methodologies, models, assumptions and estimates we use to prepare our financial statements, make business decisions, and manage risks;
- our current business model is dependent, in part, on current laws and regulations governing remote healthcare and the practice of dentistry, and changes in those laws, regulations or interpretations that are inconsistent with our current business model could have a material adverse effect on our business;
- our relationships with our freight carriers, suppliers, and other vendors;
- our ability to maintain the security of our operating systems and infrastructure (e.g., against cyber-attacks);
- the adequacy of our risk management framework;
- our cash needs and ability to raise additional capital, if needed;
- our intellectual property position;
- our exposure to claims and legal proceedings;
- our use of proceeds from this offering; and

- other factors and assumptions described in this prospectus under "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and "*Our Business*."

If one or more of the factors affecting our forward-looking information and statements proves incorrect, its actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements. Therefore, we caution not to place undue reliance on any forward-looking information or statements. The effect of these factors is difficult to predict. Factors other than these also could adversely affect our results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. New factors emerge from time to time, and management cannot assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements only speak as of the date of this document, and we undertake no obligation to update any forward-looking information or statements, whether written or oral, to reflect any change, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

ORGANIZATIONAL STRUCTURE

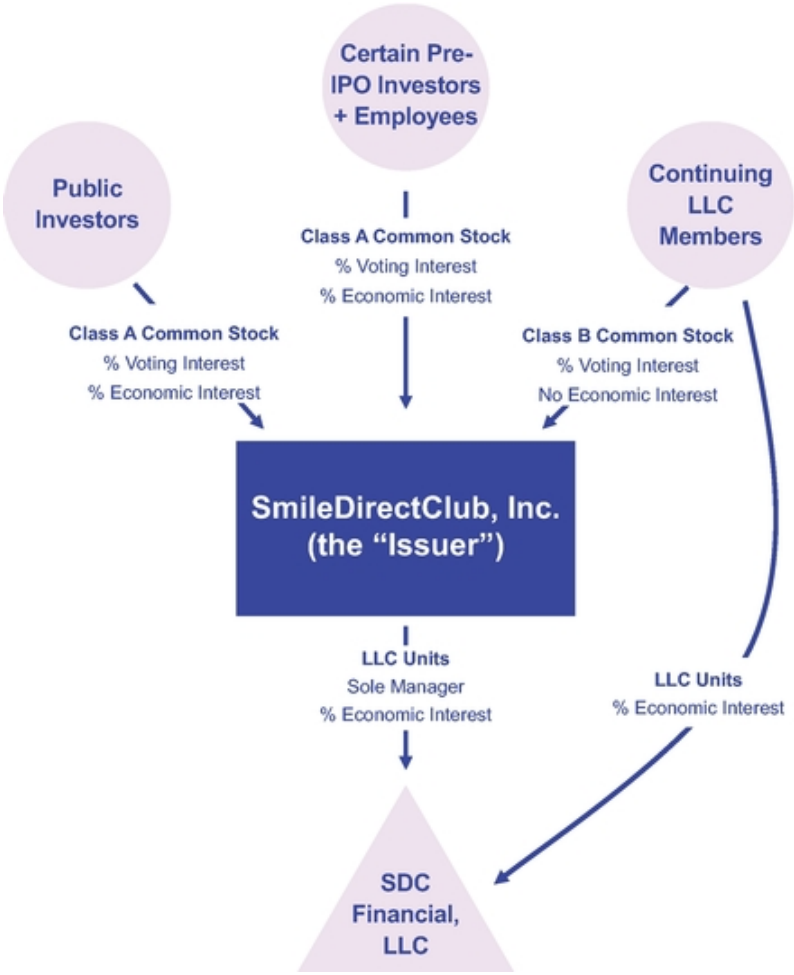
Organizational Structure Prior to This Offering

Prior to the consummation of the Reorganization Transactions and this offering, the capital structure of SDC Financial held by current investors, which we refer to, collectively, as the Pre-IPO Investors, consists of (i) five classes of outstanding membership units, which we refer to as Pre-IPO Units, including unvested restricted membership units, which we refer to as Restricted Units, held by certain team members, and (ii) Warrants to acquire membership units held by two service providers.

Organizational Structure Following This Offering

SDC Inc. has not engaged in any business or other activities except in connection with the Reorganization Transactions and this offering. Following consummation of the Reorganization Transactions and this offering, we will be a holding company. Our sole material asset will be our equity interest in SDC Financial, which also is a holding company and holds the sole equity interests in Access Dental, our operating subsidiary that directly or indirectly conducts all of our manufacturing operations, and SDC LLC, our operating subsidiary that directly or indirectly conducts substantially all of our other business operations. Because SDC Inc. will be the managing member of SDC Financial, SDC Financial will be the managing member of Access Dental and SDC LLC, and SDC LLC will be the managing member of SDC Holding, we will indirectly operate and control all of the business and affairs (and will consolidate the financial results) of SDC Financial and its subsidiaries. The ownership interest of the members of SDC Financial (other than SDC Inc.) will be reflected as noncontrolling interests in our consolidated financial statements.

The diagram below depicts our simplified organizational structure immediately following the consummation of the Reorganization Transactions and the consummation of this offering and the use of proceeds therefrom, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



Reorganization Transactions

We are undertaking a series of transactions that will be completed prior to the closing of this offering, which we refer to, collectively, as the Reorganization Transactions, designed to create a corporate holding company that will conduct a public offering. These transactions include:

- the formation of SDC Inc. as a Delaware corporation to function as the ultimate parent of SmileDirectClub and a publicly traded entity;
- the merger(s), which we refer to as the Blocker Mergers, of certain Pre-IPO Investors that are taxable as corporations for U.S. federal income tax purposes, which we refer to as the Blockers, with and into a newly formed, wholly owned subsidiary of SDC Inc. ("Merger Sub"), and the issuance by SDC Inc. to the equityholders of the Blockers, which we refer to as the Blocker Shareholders, shares of Class A common stock as consideration in the Blocker Mergers;
- the distribution by Merger Sub to SDC Inc. of all of the Pre-IPO Units directly or indirectly acquired by Merger Sub in the Blocker Mergers, followed by the dissolution of Merger Sub;
- the amendment and restatement of the SDC Financial LLC Agreement to, among other things, modify the capital structure of SDC Financial by replacing the different classes of Pre-IPO Units (including Restricted Units) with a single new class of membership interests of SDC Financial, which we refer to as LLC Units;

- the issuance to each of the Pre-IPO Investors previously holding Pre-IPO Units (including Restricted Units) of a number of shares of our Class B common stock equal to the number of LLC Units held by it;

- the issuance to certain employees of cash and shares of Class A common stock pursuant to their IBAs, % of which will vest immediately (subject to lock-up restrictions on transfer) and % which will vest monthly over the next 24-48 months; and

- the equitable adjustment, pursuant to their terms, of outstanding Warrants into warrants to acquire LLC Units (together with an equal number of shares of our Class B common stock).

In connection with this offering, the vesting requirements applicable to certain of the Restricted Units will be partially accelerated. Following consummation of the Reorganization Transactions, the Warrants, as well as LLC Units and shares of Class B common stock issued in respect of Restricted Units that do not vest in connection with this offering, will be subject to the same vesting, exercise and/or forfeiture conditions as the previously held securities in SDC Financial, as applicable.

Incident to the foregoing transactions, we will enter into various agreements, including:

- *Amendment to the SDC Financial LLC Agreement:* As part of the Reorganization Transactions, the limited liability company agreement of SDC Financial will be amended and restated to, among other things, appoint SDC Inc. as its sole managing member and recapitalize the existing common interests in SDC Financial into a single class of limited liability company interests. We refer to the limited liability company agreement of SDC Financial, as in effect at the time of completion of this offering, as the "SDC Financial LLC Agreement." Subject to the terms and conditions of the SDC Financial LLC Agreement, the Continuing LLC Members will have the right to exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends and reclassifications, or for cash (based on the market price of shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. We have reserved for issuance shares of Class A common stock in respect of the aggregate number of shares of Class A common stock that may be issued upon exchange of LLC Units. See "*Certain Relationships and Related Party Transactions—SDC Financial LLC Agreement*."

- *Tax Receivable Agreement:* We and SDC Financial will enter into a Tax Receivable Agreement with the Continuing LLC Members, pursuant to which we will agree to pay the Continuing LLC Members 85% of the amount of cash tax savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realize as a result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."

- *Registration Rights Agreement:* We intend to enter into a Registration Rights Agreement (the "Registration Rights Agreement"), whereby, following this offering and the expiration of the related 180-day lock-up period, we may be required to register under the Securities Act of 1933, as amended (the "Securities Act"), the sale of shares of our Class A common stock that may be issued to Continuing LLC Members upon exchange of their LLC Units. See "*Certain Relationships and Related Party Transactions—Registration Rights Agreement*."

Offering-Related Transactions

We intend to use all of the net proceeds we receive from this offering (including from any exercise of the underwriters' option to purchase additional shares of Class A common stock) to purchase a number of newly issued LLC Units from SDC Financial that is equivalent to the number of shares of Class A common stock that we offer and sell in this offering. The number of LLC Units acquired by us from SDC Financial

will be equal to the number of shares of Class A common stock issued in connection with the Reorganization Transactions and this offering, and the Continuing LLC Members will own the remaining outstanding LLC Units. As Continuing LLC Members exchange their LLC Units, those LLC Units thereafter will be owned by SDC Inc. and SDC Inc.'s interest in SDC Financial will be correspondingly increased. The corresponding shares of Class B common stock held by Continuing LLC Members will be cancelled in connection with such exchanges. We intend to cause SDC Financial to use a portion of the net proceeds it receives from the sale of LLC Units to us to purchase and cancel LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) from the Pre-IPO Investors at a price per LLC Unit equal to the public offering price per share of Class A common stock in this offering, less the underwriting discount. See "*Use of Proceeds*" and "*Certain Relationships and Related Party Transactions—Purchase of LLC Unit*s."

The purchase price for each newly issued LLC Unit purchased by us will be equal to the price per share of our Class A common stock in this offering, less underwriting discounts and commissions. As a result of the transactions described above, and assuming the sale of shares of Class A common stock in this offering at a price per share to the public of $, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, and after giving effect to the consummation of this offering and the use of proceeds therefrom as described above:

- the investors in this offering will collectively own shares of Class A common stock (or shares of Class A common stock if the underwriters' option to purchase additional shares of Class A common stock is exercised in full);
- certain Pre-IPO Investors and employees will collectively own shares of Class A common stock;
- SDC Inc. will hold LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), representing % of the total economic interest of SDC Financial (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full);
- the Pre-IPO Investors will collectively hold LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), representing, % of the total economic interest of SDC Financial (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full);
- the investors in this offering will collectively have % of the voting power in SDC Inc. (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full);
- the Pre-IPO Investors will collectively hold shares of Class B common stock, representing % of the voting power in SDC Inc. (or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full); and
- two service providers of SmileDirectClub will collectively hold Warrants to acquire LLC Units (together with an equal number of shares of our Class B common stock).

Our post-offering organizational structure will allow the Continuing LLC Members to retain their equity ownership in SDC Financial, a Delaware limited liability company that is classified as a partnership for U.S. federal income tax purposes, in the form of LLC Units. Investors in this offering will, by contrast, hold their equity ownership in SDC Inc., a Delaware corporation, in the form of shares of Class A common stock. The Continuing LLC Members, like SDC Inc., will incur U.S. federal, state, and local income taxes on their proportionate share of any taxable income of SDC Financial, including taxable income of Access Dental, SDC LLC and SDC Holding.

The Continuing LLC Members also will hold shares of Class B common stock of SDC Inc. Although those shares have no economic rights, they will allow the Continuing LLC Members to exercise voting power over SDC Inc. at a level that is greater than their overall equity ownership of our business. Under our certificate of incorporation, each holder of Class B common stock will initially be entitled to ten votes for each share of Class B common stock held by such holder on all matters presented to stockholders of SDC Inc. When the Continuing LLC Members exchange their LLC Units for shares of our Class A common stock or cash, with the form of consideration determined by the disinterested members of our board of directors, an equivalent number of shares of Class B common stock will be cancelled. Accordingly, as the Continuing LLC Members exchange their LLC Units, the voting power afforded to the Continuing LLC Members by their shares of Class B common stock will be automatically and correspondingly reduced. See "*Description of Capital Stock—Common Stock—Class B common stock*."

Holding Company Structure

SDC Inc. was incorporated in the State of Delaware on April 11, 2019. SDC Inc. has not engaged in any business or other activities except in connection with the Reorganization Transactions and this offering.

Following consummation of the Reorganization Transactions and this offering, SDC Inc. will be a holding company. Our sole material asset will be our equity interest in SDC Financial, which also is a holding company and has the sole equity interests in our operating subsidiaries. Because SDC Inc. will be the managing member of SDC Financial, SDC Financial will be the managing member of Access Dental and SDC LLC, and SDC LLC will be the managing member of SDC Holding, we will indirectly operate and control all of the business and affairs (and will consolidate the financial results) of SDC Financial and its subsidiaries. The ownership interest of the Continuing LLC Members will be reflected as a noncontrolling interest in SDC Inc.'s consolidated financial statements.

USE OF PROCEEDS

We estimate that our net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million (or $ million if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus. Each $1.00 increase (decrease) in the public offering price per share would increase (decrease) our net proceeds by $. Each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us in this offering, as set forth on the cover page of this prospectus, would increase (decrease) our net proceeds by approximately $.

We intend to use all of the net proceeds we receive from this offering (including from any exercise of the underwriters' option to purchase additional shares of Class A common stock) to purchase a number of newly issued LLC Units from SDC Financial that is equivalent to the number of shares of Class A common stock that we offer and sell in this offering, as described under "*Organizational Structure—Offering-Related Transactions*." We intend to cause SDC Financial to use such proceeds as follows:

- approximately $ (or approximately $ if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) to purchase and cancel LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) from the Pre-IPO Investors at a price per LLC Unit equal to the public offering price per share of Class A common stock in this offering, less the underwriting discount;

- approximately $ to pay incentive bonuses to certain employees pursuant to the IBAs, as further described in "*Executive and Director Compensation—Incentive Bonus Agreements*";

- approximately $ million to fund the tax withholding and remittance obligations related to the IBAs, as further described in "*Executive and Director Compensation—Incentive Bonus Agreements*." The tax withholding and remittance obligation amount assumes that the consummation of this offering had occurred on , 2019, assumes all eligible employees elect to have their tax obligations withheld at maximum statutory rates, which will result in an average withholding rate of approximately %, and does not include any additional amounts that may be required to satisfy tax withholding and remittance obligations related to the settlement of additional Class A common stock that will be issued to certain employees following the consummation of this offering pursuant to the retention bonus component of the IBAs, as further described in "*Executive and Director Compensation—Incentive Bonus Agreements*";

- approximately $ to redeem LLC Units from the non-Series A Pre-IPO Investors pursuant to the terms of our 2018 Private Placement, as further described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—2018 Private Placement*";

- up to $43 million to fund a distribution to the non-Series A Pre-IPO Investors, which distribution will be payable upon determination of the outcome and amount payable, if any, in connection with an arbitration proceeding with Align, as further described in "*Dividend Policy*." Investors in this offering will not be entitled to any portion of this distribution; and

- the balance for general corporate purposes, which may include international expansion, innovation, research and development, and working capital. We have not yet determined the specific uses or amounts for any of these uses of the remaining proceeds.

Pending specific application of these proceeds, SDC Financial expects to invest the balance of the proceeds primarily in short term, investment-grade, interest-bearing securities such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. We have no current plans to pay dividends on our Class A common stock. Any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions and other factors that our board of directors may deem relevant.

We are a holding company and will have no material assets other than our ownership of LLC Units. Our ability to pay cash dividends will depend on the payment of distributions by our current and future subsidiaries, including SDC Financial, SDC LLC and SDC Holding, and such distributions may be restricted as a result of regulatory restrictions, state law regarding distributions by a limited liability company to its members, or contractual agreements, including any future agreements governing their indebtedness. See "*Risk Factors—Risks Related to Our Common Stock and this Offering—We have no current plans to pay cash dividends on our Class A common stock; as a result, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.*" In addition, our ability to pay cash dividends may be restricted by the terms of any of our future debt financing arrangements, which may contain terms restricting or limiting the amount of dividends that may be declared or paid on our common stock.

Following this offering, we will receive a portion of any distributions made by SDC Financial. Any cash received from such distributions from our subsidiaries will first be used by us to satisfy any tax liability and then to make any payments required under the Tax Receivable Agreement. Subject to having available cash and subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments), the SDC Financial LLC Agreement requires SDC Financial to make certain distributions to SDC Inc. and the Continuing LLC Members, pro rata, to facilitate their payment of taxes with respect to the income of SDC Financial that is allocated to us and them. See "*Certain Relationships and Related Party Transactions—SDC Financial LLC Agreement*." To the extent that the tax distributions we receive exceed the amounts we actually require to pay taxes, Tax Receivable Agreement payments, and other expenses, we will not be required to distribute such excess cash. Our board of directors may, in its sole discretion, choose to use such excess cash for any purpose, including (i) to make additional distributions to the holders of our Class A common stock, (ii) to acquire additional newly issued LLC Units, and/or (iii) to repurchase outstanding shares of our Class A common stock. If we acquire additional LLC Units from SDC Financial, we anticipate that, to maintain the one-to-one relationship between the shares of Class A common stock and the LLC Units, either (i) our board of directors will at that time declare a stock dividend on the Class A common stock of an aggregate number of additional newly issued shares that corresponds to the number of additional LLC Units being acquired or (ii) SDC, Inc. will effect a reverse split of the LLC Units. If SDC, Inc. uses the excess cash to repurchase outstanding shares of its Class A common stock, we anticipate that it will either (x) declare a split of the Class A common stock of SDC, Inc. to increase the number of shares of Class A common stock outstanding to equal the number of LLC Units held by SDC Inc. or (y) declare a reverse split of all outstanding LLC Units to reduce the number of LLC Units held by SDC Inc. to equal the number of shares of Class A common stock outstanding following such repurchase. The reverse split would also ratably decrease the number of LLC Units held by the Continuing LLC Members. The same proportionate ownership of LLC Units would be maintained among SDC Inc. and the Continuing LLC Members following the applicable split or reverse split. The determination of what amount of cash held by SDC, Inc. (if any), warrants a cash distribution or a purchase of LLC Units will depend upon the facts and circumstances at the time of determination.

On , 2019, SDC Financial declared a distribution of $43 million less any amount determined to be due and payable to Align in connection with a current arbitration proceeding with Align (as further described in "*Our Business—Legal Proceedings*") to the non-Series A Pre-IPO Investors. Such distribution will be paid after the consummation of this offering upon final determination of the outcome and amount payable, if any, in connection with the arbitration. Investors in this offering will not be entitled to any portion of this distribution.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of June 30, 2019:

- on a historical basis for SDC Financial; and
- a pro forma basis for SDC Inc., giving effect to the transactions and other matters described under "*Unaudited Consolidated Pro Forma Financial Information*," including the Reorganization Transactions, and application of the proceeds from this offering as described in "*Use of Proceeds*" based upon an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses and other related transaction costs payable by us.

You should read this table, together with the information contained in this prospectus, including "*Organizational Structure*," "*Use of Proceeds*," "*Unaudited Consolidated Pro Forma Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the historical financial statements and related notes included elsewhere in this prospectus.

(in thousands)	June 30, 2019	
	Actual	Pro Forma
	(unaudited)	
Cash	$ 149,088	$
Debt:		
Revolving Credit Facility	151,300	
Total debt	204,966	
Redeemable Series A Preferred Units	425,188	
Members'/stockholders' equity (deficit):		
Members' equity (deficit)	(226,320)	
Preferred stock, $0.0001 par value per share: shares authorized, no shares issued and outstanding on a pro forma basis	—	
Class A common stock, $0.0001 par value per share: shares authorized, shares issued and outstanding on a pro forma basis	—	
Class B common stock, par value $0.0001 per share: shares authorized on a pro forma basis; shares issued and outstanding on a pro forma basis	—	
Additional paid-in capital	—	
Total members'/stockholders' equity (deficit)	(226,005)	
Non-controlling interest	—	
Total capitalization	$ 404,149	$

Each $1.00 increase or decrease in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase or decrease the paid-in capital and total equity (deficit) by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

DILUTION

If you invest in the initial public offering of our Class A common stock, your interest will be diluted to the extent of the excess of the initial public offering price per share of our Class A common stock over the pro forma net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the per share offering price of the Class A common stock is substantially in excess of the net tangible book value per share attributable to the existing equity holders.

Our pro forma net tangible book value at June 30, 2019 was approximately $ million. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities of SDC Financial, after giving effect to the Reorganization Transactions, and pro forma net tangible book value per share represents pro forma net tangible book value divided by the number of shares of Class A common stock outstanding, after giving effect to the Reorganization Transactions and assuming that all of the Continuing LLC Members exchanged their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for newly issued shares of our Class A common stock on a one-for-one basis.

After giving effect to this offering, at an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, and the application of estimated net proceeds, as described under "*Use of Proceeds*," after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value at June 30, 2019 would have been $ million or $ per share of Class A common stock, assuming that all of the Continuing LLC Members exchanged their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for newly issued shares of our Class A common stock on a one-for-one basis.

The following table illustrates the immediate dilution of $ per share to new stockholders purchasing Class A common stock in this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock.

Assumed initial public offering price per share of Class A common stock		$
Pro forma net tangible book value per share of Class A common stock as of June 30, 2019	$	
Increase per share of Class A common stock attributable to this offering		
Pro forma net tangible book value per share of Class A common stock, as adjusted to give effect to this offering		
Dilution in pro forma net tangible book value per share of Class A common stock to new investors		$

Each $1.00 increase or decrease in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase or decrease our pro forma net tangible book value, as adjusted to give effect to this offering, by $ million, or $ per share of Class A common stock, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares of Class A common stock is exercised in full, the increase in pro forma net tangible book value per share of Class A common stock at June 30, 2019, attributable to this offering would have been approximately $ per share and the dilution in pro forma net tangible book value per share of Class A common stock to new investors would be $ per share. Furthermore, the percentage of our shares of Class A common stock held by Pre-IPO Investors would decrease to approximately % and the percentage of our shares of Class A common stock held

by new investors would increase to approximately %, assuming that all of the Continuing LLC Members exchanged their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for newly issued shares of our Class A common stock on a one-for-one basis.

The following table summarizes, on the same pro forma basis at June 30, 2019, the total number of shares of Class A common stock purchased from us, the total cash consideration paid to us, and the average price per share of Class A common stock paid by the Pre-IPO Investors and by new investors purchasing shares of Class A common stock in this offering, assuming that all of the Continuing LLC Members exchanged their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for newly issued shares of our Class A common stock on a one-for-one basis.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100%	$	100%	$

Each $1.00 increase or decrease in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase or decrease total consideration paid by new investors in this offering and total consideration paid by all investors by approximately $ million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same.

Each $1.00 increase in the initial offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase the total number of shares of Class B common stock outstanding, and thus the total number of shares of common stock outstanding, by shares after the Reorganization Transactions and the offering.

Each $1.00 decrease in the initial offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would decrease the total number of shares of Class B common stock outstanding, and thus the total number of shares of common stock outstanding, by shares after the Reorganization Transactions and the offering.

The information presented reflect does not above outstanding Warrants which, if exercised, would have a de minimis dilutive effect. After the consummation of this offering, no new shares of Class B common stock will be issued, other than upon exercise of the Warrants. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for more information on the Warrants.

The information above excludes shares of our Class A common stock reserved for issuance under our Omnibus Plan. To the extent that equity awards are issued under our incentive plan, investors participating in this offering will experience further dilution.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The following tables set forth selected historical consolidated financial data of SDC Financial at the dates and for the periods indicated. SDC Financial is considered our predecessor for accounting purposes, and its historical consolidated financial statements will be our historical consolidated financial statements following this offering. The statements of operations data for the years ended December 31, 2018 and 2017, and balance sheet data as of December 31, 2018 and 2017, are derived from the audited consolidated financial statements of SDC Financial and related notes included elsewhere in this prospectus. The condensed consolidated statements of operations data for the six months ended June 30, 2019 and 2018, and balance sheet data as of June 30, 2019, are derived from the unaudited condensed consolidated financial statements of SDC Financial and related notes included elsewhere in this prospectus. The summary historical financial data of SDC Inc. has not been presented because SDC Inc. is a newly incorporated entity and has not engaged in any business or other activities except in connection with its formation and initial capitalization.

The following selected historical consolidated financial data is qualified in its entirety by reference to, and should be read in conjunction with, our audited consolidated financial statements and related notes, and the information under "*Unaudited Consolidated Pro Forma Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and other financial information included in this prospectus. Historical results included below and elsewhere in this prospectus are not necessarily indicative of our future performance.

(in thousands)	Six months ended June 30,		Years ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
Statements of Operations Data:				
Total revenues	$ 373,530	$ 175,064	$ 423,234	$ 145,954
Cost of revenues	83,580	60,377	133,968	64,011
Gross profit	289,950	114,687	289,266	81,943
Marketing and selling expenses	209,146	86,457	213,080	64,243
General and administrative expenses	96,490	47,301	121,743	48,202
Loss from operations	(15,686)	(19,071)	(45,557)	(30,502)
Total interest expense	7,391	5,884	13,705	2,148
Loss on extinguishment of debt	29,640	—	—	—
Other expense	81	8,642	15,148	—
Net loss before provision for income tax expense	(52,798)	(33,597)	(74,410)	(32,650)
Provision for income tax expense	117	209	361	128
Net loss	$ (52,915)	$ (33,806)	$ (74,771)	$ (32,778)
Other Data:				
Adjusted EBITDA(a)	$ 2,299	$ (8,464)	$ (16,857)	$ (21,129)

(a) For the definition of the non-GAAP financial measure of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our most directly comparable financial measure calculated in accordance with GAAP, please read "*—Non-GAAP Financial Measures*."

(in thousands)	As of June 30, 2019 (unaudited)	As of December 31, 2018	2017
Balance Sheet Data:			
Cash	$ 149,088	$ 313,929	$ 4,071
Accounts receivable	181,806	113,934	33,741
Inventories	13,749	8,781	2,723
Prepaid and other current assets	11,554	5,782	2,378
Total current assets	356,197	442,426	42,913
Accounts receivable, non-current	93,283	60,217	11,600
Property, plant and equipment, net	86,770	52,551	11,893
Other assets	6,269	—	—
Total assets	**$ 542,519**	**$ 555,194**	**$ 66,406**
Accounts payable	$ 49,805	$ 25,250	$ 7,916
Accrued liabilities	63,728	34,939	13,944
Due to related parties	3,443	20,305	14,721
Deferred revenue	20,788	19,059	12,437
Current portion of long-term debt	33,488	17,920	15,270
Total current liabilities	171,252	117,473	64,288
Long term debt, net of current portion	171,478	138,922	35,397
Other long term liabilities	606	602	575
Total liabilities	343,336	256,997	100,260
Commitments and contingencies			
Redeemable Series A Preferred Units	425,188	388,634	—
Members' deficit	(226,320)	(89,321)	(32,759)
Unitholder advance	—	(1,431)	(1,410)
Warrants	315	315	315
Total members' deficit	(226,005)	(90,437)	(33,854)
Total liabilities, Redeemable Series A Preferred Units and members' deficit	**$ 542,519**	**$ 555,194**	**$ 66,406**

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with GAAP, we also present Adjusted EBITDA, a financial measure which is not based on any standardized methodology prescribed by GAAP.

We define Adjusted EBITDA as net loss before provision for income tax expense, interest expense, depreciation and amortization, and loss on disposal of property, plant and equipment, adjusted to remove derivative fair value adjustments, loss on extinguishment of debt, foreign currency adjustments, and equity-based compensation. Adjusted EBITDA does not have a definition under GAAP, and our definition of Adjusted EBITDA may not be the same as, or comparable to, similarly titled measures used by other companies.

We use Adjusted EBITDA when evaluating our performance when we believe that certain items are not indicative of operating performance. Adjusted EBITDA provides useful supplemental information to management regarding our operating performance and we believe it will provide the same to stockholders.

We believe that Adjusted EBITDA will provide useful information to stockholders about our performance, financial condition, and results of operations for the following reasons: (i) Adjusted EBITDA would be among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions and (ii) Adjusted EBITDA is frequently used by securities analysts, investors, lenders, and other interested parties as a common performance measures to compare results or estimate valuations across companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net loss, the most directly comparable GAAP financial measure, including:

- Adjusted EBITDA does not reflect changes in, or cash requirements for working capital needs;
- Adjusted EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on indebtedness;
- Adjusted EBITDA does not reflect provision for income tax expense or the cash requirements to pay taxes;
- Adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the impact on earnings or changes resulting from matters that are considered not to be indicative of our future operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA includes financing income, but not the interest expense to carry the related receivables; and
- other companies in our industry may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should consider Adjusted EBITDA alongside other financial measures, including net loss and our other financial results, presented in accordance with GAAP.

A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, is set forth below:

(in thousands)	Six months ended June 30,		Years ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
Net loss	$ (52,915)	$ (33,806)	$ (74,771)	$ (32,778)
Depreciation and amortization	9,723	2,735	8,861	2,513
Total interest expense	7,391	5,884	13,705	2,148
Income tax expense	117	209	361	128
Loss on disposal of property, plant and equipment	—	—	617	—
Fair value adjustment of warrant derivative	—	8,624	14,500	—
Loss on extinguishment of debt	29,640	—	—	—
Equity-based compensation	8,262	7,872	19,839	6,860
Other	81	18	31	—
Adjusted EBITDA	$ 2,299	$ (8,464)	$ (16,857)	$ (21,129)

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2019 and the unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 30, 2019 and year ended December 31, 2018 present our financial position and results of operations after giving pro forma effect to:

(i) The Reorganization Transactions and this offering, as described under "*Organizational Structure*," as if such transactions occurred on June 30, 2019 for the unaudited Pro Forma Condensed Consolidated Balance Sheet and on January 1, 2018 for the unaudited Pro Forma Condensed Consolidated Statements of Operations,

(ii) The use of the estimated net proceeds from this offering, as described under "*Use of Proceeds*,"

(iii) The effects of the Tax Receivable Agreement, as described under "C*ertain Relationships and Related Party Transactions—Tax Receivable Agreement*," and

(iv) A provision for corporate income taxes on the income attributable to SDC Inc. at a tax rate of %, inclusive of all U.S. federal, state, and local income taxes.

The historical consolidated financial information has been derived from SDC Financial's consolidated financial statements and accompanying notes included elsewhere in this prospectus and has been adjusted in the unaudited pro forma condensed consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the transactions (2) factually supportable and (3) with respect to the statements of operations, expected to have a continuing impact on the results of operations. These amounts have been determined assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock. The unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2019 and the unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 30, 2019 and year ended December 31, 2018 are included elsewhere in this prospectus.

The unaudited pro forma condensed consolidated financial statements have been prepared on the basis that we will be taxed as a corporation for U.S. federal and state income tax purposes and, accordingly, will become a taxpaying entity subject to U.S. federal and state income taxes. The following unaudited pro forma condensed consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with, our audited consolidated financial statements and related notes, and the information under "*Selected Consolidated Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and other financial information included in this prospectus.

The pro forma adjustments are prepared in accordance with Article 11 of Regulation S-X and are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. Assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes, which should be read in connection with the unaudited pro forma financial statements. The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of financial results that would have been attained had the described transactions occurred on the dates indicated above or that could be achieved in the future. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed consolidated financial statements. As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC,

transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing, and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

The unaudited pro forma condensed consolidated financial statements and related notes are included for informational purposes only and do not purport to reflect the financial position or results of operations of SDC Inc. that would have occurred had SDC Inc. been in existence or operated as a public company or otherwise during the periods presented. If this offering and other transactions contemplated herein had occurred in the past, our operating results might have been materially different from those presented in the unaudited condensed consolidated pro forma financial statements. The unaudited pro forma condensed consolidated financial statements should not be relied upon as being indicative of our financial position or results of operations had the described transactions occurred on the dates assumed. The unaudited pro forma condensed consolidated financial information also does not project our financial position or results of operations for any future period or date. Future results may vary significantly from the results reflected in the unaudited Pro Forma Condensed Consolidated Statements of Operations and should not be relied on as an indication of our results after the consummation of this offering and the other transactions contemplated by such unaudited pro forma condensed consolidated financial statements.

As described in greater detail under "Certain Relationships and Related Party Transactions—Tax Receivable Agreement," in connection with the consummation of this offering, we and SDC Financial will enter into the Tax Receivable Agreement, pursuant to which we will agree to pay the Continuing LLC Members 85% of the cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realize as a result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement. We expect to benefit from the remaining 15% of cash savings, if any, that we realize. Due to the uncertainty in the amount and timing of future exchanges of LLC units by the Continuing LLC Members, the unaudited pro forma consolidated financial information assumes that no exchanges of LLC units have occurred and therefore no increases in tax basis in SDC Financials' assets or other tax benefits that may be realized thereunder have been assumed in the unaudited pro forma consolidated financial information. However, if all of the Continuing LLC Members were to exchange their LLC Units, we would recognize a deferred tax asset of approximately $ million and a liability of approximately $ million, assuming (i) all exchanges occurred on the same day; (ii) a price of $ per share (the midpoint of the price range listed on the cover page of this prospectus); (iii) a constant corporate tax rate of %; (iv) we will have sufficient taxable income to fully utilize the tax benefits; and (v) no material changes in tax law. For each 5% increase (decrease) in the amount of LLC Units exchanged by the Continuing LLC Members, our deferred tax asset would increase (decrease) by approximately $ million and the related liability would increase (decrease) by approximately $ million, assuming that the price per share and corporate tax rate remain the same. For each $1.00 increase (decrease) in the assumed share price of $ per share, our deferred tax asset would increase (decrease) by approximately $ million and the related liability would increase (decrease) by approximately $ million, assuming that the number of LLC Units exchanged by the Continuing LLC Members and the corporate tax rate remain the same. These amounts are estimates and have been prepared for informational purposes only. The actual amount of deferred tax assets and related liabilities

that we will recognize will differ based on, among other things, the timing of the exchanges, the price of our shares of Class A common stock at the time of the exchange, and the tax rates then in effect.

(in thousands)	As of June 30, 2019			
	Historical		Pro Forma	
	SDC Financial	Adjustments		SDC Inc.
	(unaudited)		(unaudited)	
Balance Sheet Data:				
Cash	$ 149,088	$	(2)	$
Accounts receivable	181,806			
Inventories	13,749			
Prepaid and other current assets	11,554			
Total current assets	356,197			
Accounts receivable, non-current	93,283			
Property, plant and equipment, net	86,770			
Other assets	6,269		(3)	
Total assets	**$ 542,519**	**$**		**$**
Accounts payable	$ 49,805	$		$
Accrued liabilities	63,728		(6)	
Due to related parties	3,443			
Deferred revenue	20,788			
Current portion of long-term debt	33,488			
Total current liabilities	171,252			
Long term debt, net of current portion	171,478			
Other long term liabilities	606			
Total liabilities	334,336			
Commitments and contingencies				
Redeemable Series A Preferred Units	425,188			
Members' deficit	(226,320)		(4)(6)	
Unitholder advance	—			
Warrants	315			
Class A common stock	—		(2)(6)	
Class B common stock	—		(5)	
Additional paid-in-capital	—		(2)(6)	
Non-controlling interest	—		(4)	
Total members'/ stockholders' deficit	(226,005)			
Total liabilities, Redeemable Series A Preferred Units and members'/stockholders' deficit	**$ 542,519**	**$**		**$**

(1) SDC Inc. was formed on April 11, 2019 and has not commenced operations and will have no material assets or liabilities until the completion of this offering and therefore its historical financial position is not shown in a separate column in this unaudited Pro Forma Condensed Consolidated Balance Sheet.

(2) We estimate that the net proceeds to us from this offering, after deducting underwriting discounts, commissions and estimated offering expenses will be approximately $ million, based on an assumed initial public offering price of $ per share,

which is the midpoint of the price range listed on the cover page of this prospectus. A reconciliation of the gross proceeds from this offering to the net cash proceeds is set forth below.

Assumed initial public offering price per share	$ —
Shares of Class A common stock issued in this offering	—
Gross Proceeds	$ —
Less: underwriting discounts, commissions and offering expenses (less amounts deferred)(3)	
Net cash proceeds	$ —
Less: amounts paid to holders of IBAs	
Less: amounts paid to fund tax withholding obligations related to IBAs	
Less: amounts paid to redeem LLC Units of non-Series A unitholders of SDC Financial	
Less: distributions to non-Series A unitholders of SDC Financial	
Total	$ —

(3) We are deferring certain costs associated with this offering, including certain legal, accounting and other related expenses, which have been recorded in other assets on our consolidated balance sheet. Upon completion of this offering, these deferred costs will be charged against the proceeds from this offering with a corresponding reduction to additional paid-in capital.

(4) As a result of the Reorganization Transactions, we will hold a significant equity interest in SDC Financial and will be the managing member of SDC Financial. Accordingly, we will operate and control all of the business and affairs of SDC Financial and, through SDC Financial and its operating subsidiaries, conduct SmileDirectClub's business. As a result, we will consolidate the financial results of SDC Financial and will report a non-controlling interest related to the LLC Interests held by the Continuing LLC Members on our consolidated balance sheet. The computation of the non-controlling interest following the consummation of this offering, based on the assumed initial public offering price, is as follows:

	Units	Percentage
Interest in SDC Financial held by SDC Inc.		
Non-controlling interest in SDC Financial held by Continuing LLC Members		
Total		

Following the consummation of this offering, the LLC Interests held by the Continuing LLC Members, representing the non-controlling interest, will be redeemable at the election of the members, for, at our option, shares of Class A common stock on a one-for-one basis or a cash payment equal to the average of the daily market price of one share of Class A common stock for each LLC Interest redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the SDC Financial LLC Agreement.

(5) In connection with this offering, we will issue shares of Class B common stock to the Continuing LLC Members, on a one-to-one basis with the number of LLC Interests they own, for nominal consideration. Each share of Class A common stock initially entitles its holder to one vote on all matters to be voted on by stockholders generally. Each share of Class B common stock initially entitles its holder to ten votes on all matters to be voted on by stockholders generally. Holders of the Class B common stock will not be entitled to receive any distributions from or participate in any dividends declared by our board of directors.

(6) This adjustment represents the total increase in stockholders' equity we expect to incur following the completion of this offering as a result of the following:

- $ million of compensation expense to be recognized in connection with the partial settlement of outstanding IBAs. As described in "*Organizational Structure*," the holders of IBAs will receive shares of Class A common stock and $ in cash as settlement of the vested portion of their IBAs upon consummation of the IPO. The related compensation expense has been measured at fair value as of the IBAs' modification date and approximates the IPO value. The remaining unrecognized compensation expense of $ associated with the unvested portion of the IBAs will be recognized over a period of 24-48 months following the consummation of the IPO. The adjustment was calculated assuming an initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), resulting in the IPO price of $ million, which was divided by the total Class A common stock outstanding as of , 2019 of, resulting in a price per unit of $; and

- $ million of compensation expense to be recognized in connection with the accelerated vesting of the outstanding Incentive Units in connection with this offering. The related compensation expense has been measured at fair value as of the Incentive Units' modification date and approximates the IPO value. The adjustment was calculated assuming an initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), resulting in the IPO price of $ million, which was divided by the total Class A common stock outstanding as of , 2019 of, resulting in a price per unit of $; and

These adjustments are non-recurring in nature and, as such, have not been included as adjustments in the unaudited Pro Forma Condensed Consolidated Statements of Operations.

(dollars in thousands, except share related amounts)	Six months ended June 30, 2019			
	Historical SDC Financial (unaudited)	Pro Forma Adjustments		Pro Forma SDC Inc. (unaudited)
Statements of Operations Data:				
Total revenues	$ 373,530	$		$
Cost of revenues	83,580			
Gross profit	289,950			
Marketing and selling expenses	209,146			
General and administrative expenses	96,490			
Loss from operations	(15,686)			
Total interest expense	7,391			
Loss on extinguishment of debt	29,640			
Other expense	81			
Net loss before provision for income tax expense	(52,798)			
Provision for income tax expense	117		(2)	
Net loss	$ (52,915)	$		$
Net loss attributable to non-controlling interest	—		(3)	
Net loss attributable to SDC Inc.	$ (52,915)	$		$
Per Share Data:				
Pro forma net loss per share:				
Basic			(4)	$
Diluted			(4)	$
Pro forma weighted-average shares used to compute net loss per share:				
Basic			(4)	
Diluted			(4)	

(in thousands, except share related amounts)	Year ended December 31, 2018			
	Historical	Pro Forma		
	SDC Financial	Adjustments		SDC Inc.
			(unaudited)	
Statements of Operations Data:				
Total revenues	$ 423,234	$		$
Cost of revenues	133,968			
Gross profit	289,266			
Marketing and selling expenses	213,080			
General and administrative expenses	121,743			
Loss from operations	(45,557)			
Total interest expense	13,705			
Other expense	15,148			
Net loss before provision for income tax expense	(74,410)			
Provision for income tax expense	361		(2)	
Net loss	$ (74,771)	$		$
Net income attributable to non-controlling interest	—		(3)	
Net income attributable to SDC Inc.	$ (74,771)	$		$
Per Share Data:				
Pro forma net loss per share:				
Basic			(4)	$
Diluted			(4)	$
Pro forma weighted-average shares used to compute net loss per share:				
Basic			(4)	
Diluted			(4)	

(1) SDC Inc. was formed on April 11, 2019 and has not commenced operations and will have no material assets or liabilities until the completion of this offering and therefore its historical financial operations are not shown in a separate column in these unaudited Pro Forma Condensed Consolidated Statements of Operations.

(2) SDC Financial has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by SDC Financial will flow through to its partners, including us, and is generally not subject to tax at the SDC Financial level. Following the Transactions, we will be subject to U.S. federal income taxes, in addition to state, local and foreign income taxes with respect to our allocable share of any taxable income of SDC Financial. As a result, the unaudited Pro Forma Consolidated Statements of Operations reflect adjustments to our income tax expense to reflect a statutory income tax rate of %, and % for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction. Given the historical losses of SDC Financial, the deferred tax assets carry a full valuation allowance, and as such, the effective tax rate following the consummation of the IPO is expected to be 0%. We will continue to assess the realizability of the deferred tax assets each reporting period.

(3) As a result of the Reorganization Transactions, we will hold a significant equity interest in SDC Financial and will be the managing member of SDC Financial. Accordingly, we will operate and control all of the business and affairs of SDC Financial and, through SDC Financial and its operating subsidiaries, conduct SmileDirectClub's business. As a result, we will consolidate the financial results of SDC Financial and will report net loss attributable to non-controlling interest related to the LLC Interests held by the Continuing LLC Members on our consolidated statement of operations. We will own % of the economic interest of SDC Financial and the Continuing LLC Members will own the remaining % of the economic interest of SDC Financial, LLC. Net loss attributable to non-controlling interests will represent % of the income before income taxes of SDC Inc.

(4) Pro forma basic net loss per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net loss available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock are not entitled to receive any distributions or dividends and are therefore not included in the computation of pro forma basic or diluted net loss per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in any forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in "Risk Factors." See "Cautionary Statement Regarding Forward-Looking Statements."

SDC Financial is considered the predecessor of SDC Inc. for accounting purposes, and its historical consolidated financial statements will be our historical consolidated financial statements following this offering. The following discussion should be read in conjunction with the audited consolidated financial statements of SDC Financial and related notes thereto included elsewhere in this prospectus.

Overview and History

We are the industry pioneer as the first direct-to-consumer medtech platform for transforming smiles. Through our cutting-edge teledentistry technology and vertically integrated model, we are revolutionizing the oral care industry.

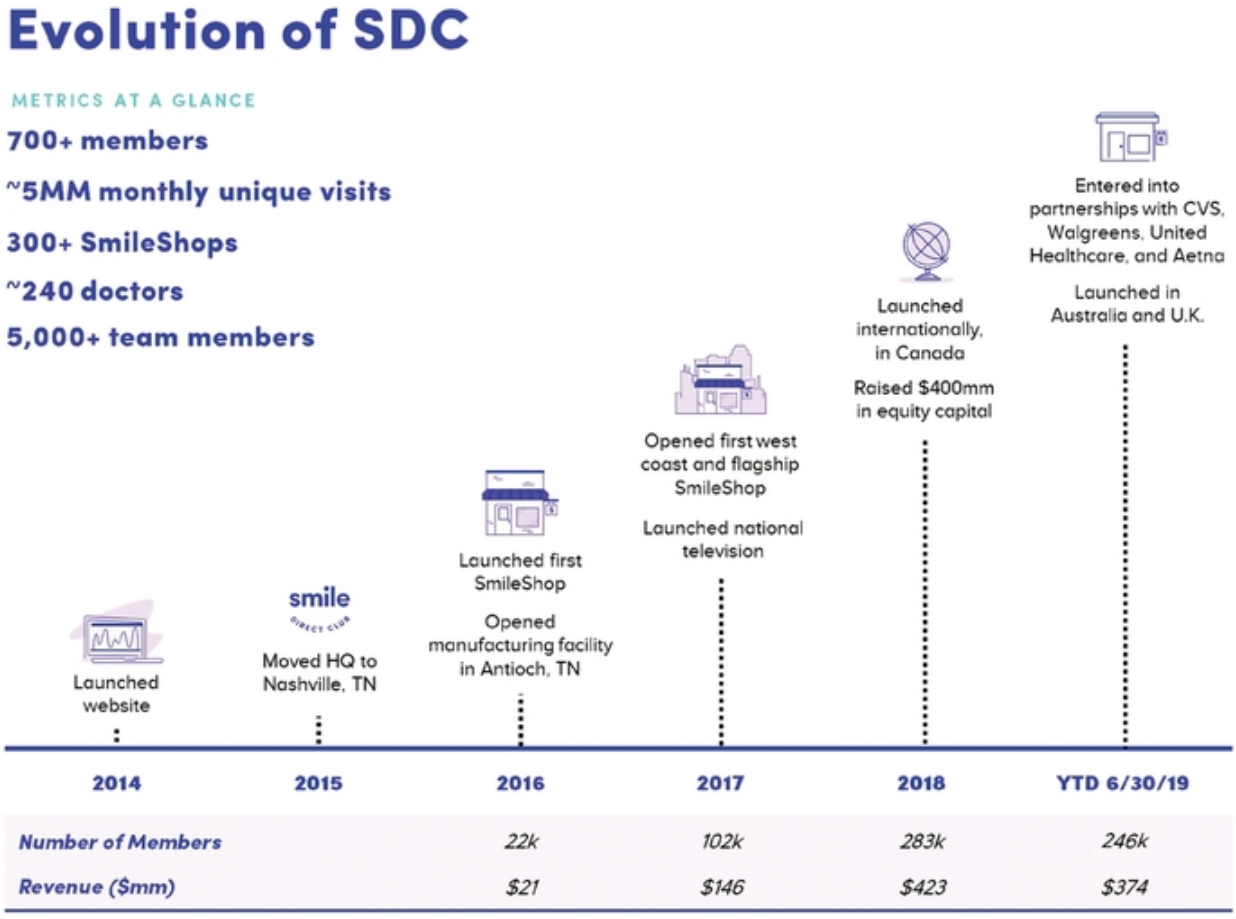
Our clear aligner treatment addresses the large and underserved global orthodontics market. Approximately 85% of people worldwide have malocclusion, with less than 1% treated annually. Our goal is to improve penetration into this untapped market by democratizing access to a more affordable, convenient, and accessible solution for a straighter smile. We believe we are the leading player in this early but massive opportunity. We believe that our aligner treatment can help over 90% of people with malocclusion, to some extent, to achieve a better smile.

The traditional orthodontic model, which includes both metal braces and clear aligner treatment delivered through in-office doctor visits, suffers from many limitations; it is cost-prohibitive for many people, requires multiple inconvenient in-person appointments, and is not widely accessible. Specifically, traditional orthodontic solutions typically cost $5,000–$8,000 or more, require a series of time-consuming visits during limited hours, and are available in less than 40% of the counties in the U.S. alone.

We offer professional-level service and high-quality clear aligners at a cost of $1,895, up to 60% less than traditional orthodontic solutions. We achieve this cost savings while maintaining high quality by removing the overhead cost of in-person doctor visits and managing the entire member experience, all the way from marketing to aligner manufacturing, fulfillment, and treatment monitoring by a member's doctor through completion of their treatment, which is supported by our proprietary teledentistry platform, SmileCheck. These efficiencies enable us to pass the cost savings directly to the members and allow doctors in our network to focus on what matters most: providing convenient access to excellent clinical care. To further democratize access to care, we offer our members the option of paying the entire cost of their treatment upfront or enrolling in our financing program, SmilePay, a convenient monthly payment plan. We also accept insurance and as of 2019, are in-network with United Healthcare and Aetna.

Our primary focus is on delivering an exceptional member experience. Our average net promoter score of 57 since inception, compared to an average net promoter score of 1 for the entire dental industry (according to West Monroe Partners), and our average rating of 4.9 out of 5 from over 100,000 member reviews on our website, demonstrate that our members are highly satisfied. Our highly positive member experience is the result of our vertically integrated model, which enables us to solve critical problems around cost, convenience, and access to care.

Since our founding in 2014, we have achieved several milestones, including the following:



Key Business Metrics

We review the following key business metrics to evaluate our business performance:

Unique aligner order shipments

For the years ended December 31, 2018 and 2017, we shipped 258,278 and 90,023 unique aligner orders, respectively, representing a growth of 187%. For the six months ended June 30, 2019, we shipped 231,941 unique aligner orders. Each unique aligner order shipment represents a single contracted member. We believe that our ability to increase the number of aligner orders shipped is an indicator of our market penetration, growth of our business, consumer interest, and our member conversion.

Average gross sale price

We define average gross sale price ("ASP") as gross revenue, before implicit price concession and other variable considerations and inclusive of sales tax, from aligner orders shipped divided by the number of unique aligner orders shipped. We believe ASP is an indicator of the value we provide to our members and our ability to maintain our pricing. Our ASP for the years ended December 31, 2018 and 2017 was $1,764 and $1,729, respectively. Our ASP for the six months ended June 30, 2019 was $1,764. Our ASP is less than our standard $1,895 price as a result of discounts offered to select members.

Key Factors Affecting Our Performance

We believe that our future performance will depend on many factors, including those described below and in the section titled "*Risk Factors*" included elsewhere in this prospectus.

Efficient acquisition of new members

- *Visits to our website:* On average, we have approximately five million unique visitors to our website each month, and we expect to continue to invest heavily in sales and marketing to spread awareness and increase the number of individuals visiting our website. We increase our marketing spend at certain periods of the year, such as January, when members typically have a higher focus on aesthetics.

- *Conversions from visits to aligner orders:* From our website, individuals can either sign up for a SmileShop appointment or order a doctor prescribed impression kit to evaluate and ultimately purchase our clear aligner treatment. We expect to continue to invest heavily in our proprietary technology platform, operations, and other processes to improve member conversion from website visit through SmileShop appointment booking, appointment attendance, and aligners ordered; and a similar process for our impression kits.

SmilePay

We offer SmilePay, a convenient monthly payment plan, to maximize accessibility and provide an affordable option for all of our members. The $250 down payment for SmilePay covers our cost of manufacturing the aligners, and the interest income generated by SmilePay helps offset the negative impact of delinquencies and cancellations. A number of factors affect delinquency and cancellation rates, including member-specific circumstances, our efforts in member service and management, and the broader macroeconomic environment.

Continued investment in growth

We intend to continue investing in our business to support future growth by focusing on strategies that best address our large market opportunity. Our key investment initiatives include increasing our marketing activities, expanding our footprint of SmileShops, enhancing our existing product platform, and introducing new products to further differentiate our offerings. Additionally, we intend to continue to develop a suite of ancillary products for our members' oral care needs, lengthening our relationship with our members and enhancing our recurring revenue base. As part of these key investment initiatives, we will also continue to explore collaborations with retailers and other third-party partnerships as a component of our expansion strategy.

International expansion

We will continue to make significant investments to expand our presence in international markets, particularly in Europe, Asia-Pacific, and other geographies.

Pace of adoption for teledentistry

The rate of adoption of teledentistry will impact our ability to acquire new members and grow our revenue.

Components of Operating Results

Revenues

Our revenues are derived primarily from sales of aligners, impression kits, whitening gel, and retainers. Revenues are recorded based on the amount that is expected to be collected, which considers implicit price concessions, discounts, and returns. Revenues includes revenue recognized from orders shipped in the current period, as well as deferred revenue recognized from orders in prior periods. We offer our members the option of paying the entire $1,895 cost of their treatment upfront or enrolling in SmilePay, our convenient monthly payment plan requiring a $250 down payment and an average monthly payment of $85 for 24 months.

Financing revenue includes interest earned on SmilePay aligner orders shipped in prior periods. Our average APR is approximately 17%, which is included in the $85 monthly payment.

Cost of revenues

Cost of revenues includes the total cost of products produced and sold. Such costs include direct materials, direct labor, overhead costs (occupancy costs, indirect labor, and depreciation costs associated with digital photography equipment), fees retained by doctors, freight and duty expenses associated with moving materials from vendors to our facilities and from our facilities to our members, and adjustments for shrinkage (physical inventory losses), lower of cost or net realizable value, slow moving product, and excess inventory quantities.

We manufacture all of our aligners and retainers in our manufacturing facilities. We have built extensive supply chain mechanisms that allow us to quickly and accurately create treatment plans and manufacture aligners at a lower cost than most competitors.

Marketing and selling expenses

Our marketing expenses include costs associated with an omni-channel approach supported by media mix modeling (MMM) and multitouch attribution modeling (MTA). These costs include online sources, such as social media and paid search, and offline sources, such as television, experiential events, local events, and business-to-business partnerships. We also have comprehensive strategies across search engine optimization, customer relationship management (CRM) marketing, and earned and owned marketing. We have invested significant resources into optimizing our member conversion process.

Our selling costs include both labor and non-labor expenses associated with our SmileShops and costs associated with our sales and scheduling teams in our customer contact center. Non-labor costs associated with our SmileShops include rent, travel, supplies, and depreciation costs associated with digital photography equipment, furniture, and computers, among other costs.

General and administrative expenses

General and administrative expenses include payroll and benefit costs for corporate team members, equity-based compensation expenses, occupancy costs of corporate facilities, bank charges, costs associated with credit and debit card interchange fees, outside service fees, and other administrative costs, such as computer maintenance, supplies, travel, and lodging.

Interest and other expenses

Interest expense includes interest from our financing agreements and other long-term indebtedness, including promissory notes to related parties. Other expense includes fair value adjustments on our derivative financial instruments, disposal of long-lived assets, and losses from the extinguishment of previous financing agreements.

Provision for income tax expense

We file our income tax returns as a partnership for federal and state tax purposes. As such, we do not pay any federal income taxes, as any income or loss will be included in the tax returns of our individual members. We do pay state income tax in certain jurisdictions, and our income tax provision in the consolidated financial statements reflects the income taxes for those states. After consummation of this offering, we will become subject to U.S. federal, state, and local income taxes with respect to our allocable share of any taxable income of SDC Financial, and we will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, as well as payments under the Tax Receivable Agreement, which we expect could be significant over time. Following this offering, we will receive a portion of any distributions made by SDC Financial. Any cash received from such distributions from our subsidiaries will first be used by us to satisfy any tax liability and then to make any payments required under the Tax Receivable Agreement. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."

Adjusted EBITDA

To supplement our consolidated financial statements presented in accordance with GAAP, we also present Adjusted EBITDA, a financial measure which is not based on any standardized methodology prescribed by GAAP.

We define Adjusted EBITDA as net loss before provision for income tax expense, interest expense, and depreciation and amortization, loss on disposal of property, plant and equipment, adjusted to remove derivative fair value adjustments, foreign currency adjustments and equity-based compensation. Adjusted EBITDA does not have a definition under GAAP, and our definition of Adjusted EBITDA may not be the same as, or comparable to, similarly titled measures used by other companies. We use Adjusted EBITDA when evaluating our performance when we believe that certain items are not indicative of operating performance. Adjusted EBITDA provides useful supplemental information to management regarding our operating performance and we believe it will provide the same to members/stockholders.

We believe that Adjusted EBITDA will provide useful information to members/stockholders about our performance, financial condition, and results of operations for the following reasons: (i) Adjusted EBITDA would be among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions and (ii) Adjusted EBITDA is frequently used by securities analysts, investors, lenders, and other interested parties as a common performance measures to compare results or estimate valuations across companies in our industry. Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, is set forth below:

Results of Operations

The following table summarizes our historical results of operations. The period-over-period comparison of results of operations is not necessarily indicative of results for future periods, and the results for any interim period are not necessarily indicative of the operating results to be expected for the full

fiscal year. You should read this discussion of our results of operations in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

(in thousands)	Six months ended June 30, 2019	Six months ended June 30, 2018	Years ended December 31, 2018	Years ended December 31, 2017
	(unaudited)			
Statements of Operations Data:				
Total revenues	$ 373,530	$ 175,064	$ 423,234	$ 145,954
Cost of revenues	83,580	60,377	133,968	64,011
Gross profit	289,950	114,687	289,266	81,943
Marketing and selling expenses	209,146	86,457	213,080	64,243
General and administrative expenses	96,490	47,301	121,743	48,202
Loss from operations	(15,686)	(19,071)	(45,557)	(30,502)
Total interest expense	7,391	5,884	13,705	2,148
Loss on extinguishment of debt	29,640	—	—	—
Other expense	81	8,642	15,148	—
Net loss before provision for income tax expense	(52,798)	(33,597)	(74,410)	(32,650)
Provision for income tax expense	117	209	361	128
Net loss	$ (52,915)	$ (33,806)	$ (74,771)	$ (32,778)
Other Data:				
Adjusted EBITDA	$ 2,299	$ (8,464)	$ (16,857)	$ (21,129)

The following table reconciles adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

(in thousands)	Six months ended June 30, 2019	Six months ended June 30, 2018	Years ended December 31, 2018	Years ended December 31, 2017
	(unaudited)			
Net loss	$ (52,915)	$ (33,806)	$ (74,771)	$ (32,778)
Depreciation and amortization	9,723	2,735	8,861	2,513
Total interest expense	7,391	5,884	13,705	2,148
Income tax expense	117	209	361	128
Loss on disposal of property, plant and equipment			617	—
Fair value adjustment of warrant derivative	—	8,624	14,500	—
Loss on extinguishment of debt	29,640	—	—	—
Equity-based compensation	8,262	7,872	19,839	6,860
Other	81	18	31	—
Adjusted EBITDA	$ 2,299	$ (8,464)	$ (16,857)	$ (21,129)

Comparison of the six months ended June 30, 2019 and 2018

Revenues

Revenues increased $198.5 million, or 113%, to $373.5 million in the six months ended June 30, 2019 from $175.1 million in the six months ended June 30, 2018. The increase in revenues was primarily driven by growth in unique aligner orders of 112% for the six months ended June 30, 2019 compared to the same period in 2018. Growth in unique aligner orders was primarily driven by an increase in number of website visitors and conversion thereof to aligner sales, along with an increase in sales and marketing spend.

Cost of revenues

Cost of revenues increased $23.2 million, or 38%, to $83.6 million in the six months ended June 30, 2019 from $60.4 million in the six months ended June 30, 2018. Cost of revenues decreased as a percentage of revenues from 34% in the six months ended June 30, 2018 to 22% in the six months ended June 30, 2019, primarily as a result of producing more aligners internally versus outsourcing to a contract manufacturer, as well as increased automation. As of the second quarter of 2019, we manufacture 100% of our aligners in-house. We anticipate that cost of revenues as a percentage of revenues will continue to decrease for the foreseeable future as a result of manufacturing automation.

Gross margin increased to 78% in the six months ended June 30, 2019 from 66% in the six months ended June 30, 2018, primarily as a result of the factors described above.

Marketing and selling expenses

Marketing and selling expenses as a percentage of revenues increased to 56% in the six months ended June 30, 2019 from 49% in the six months ended June 30, 2018, and increased to $209.1 million in the six months ended June 30, 2019 from $86.5 million in the six months ended June 30, 2018, primarily due to increased digital and media advertising and branding efforts, and by expansion of SmileShop locations to prepare for growth in the remainder of 2019 and beyond.

General and administrative expenses

General and administrative expenses increased $49.2 million, or 104%, to $96.5 million in the six months ended June 30, 2019 from $47.3 million in the six months ended June 30, 2018, primarily as a result of $26.1 million in salaries and wages from the expansion of our team member headcount, $5.7 million of payment processing fees from revenue growth, and $4.0 million of legal fees. General and administrative expenses as a percent of revenue decreased from 27% in the six months ended June 30, 2018 to 26% in the six months ended June 30, 2019, primarily as a result of improved leveraging of our fixed costs. We expect to incur a material one-time compensation expense, in the quarter of this offering in connection with the payment of cash bonus amounts and issuance of shares of Class A common stock pursuant to the IBAs.

Interest expense

Interest expense increased $1.5 million, or 26%, to $7.4 million in the six months ended June 30, 2019 from $5.9 million in the six months ended June 30, 2018, primarily as a result of a higher amount of indebtedness outstanding in the first half of 2019 compared to the same period in 2018. Borrowings and interest expense from our JPM Credit Facility is based on, among other things, the amount of eligible retail installment sale contracts.

Other expense

Other expense decreased $8.6 million to $0.1 million in the six months ended June 30, 2019 from $8.6 million in the six months ended June 30, 2018, primarily as a result of the fair value adjustment from the TCW Warrants (as defined herein) in 2018, which converted to additional obligations from the TCW Credit Facility (as defined herein) in December 2018.

The loss on extinguishment of debt is due to the repayment of the TCW Credit Facility in June 2019. In connection with the repayment, we paid $11.9 million, related to the make-whole provision, and wrote-off $2.6 million and $15.1 million of deferred financing and debt issuance costs, respectively.

Provision for income tax expense

Our provision for income tax expense was $0.1 million and $0.2 million for the six months ended June 30, 2019 and 2018.

Comparison of the years ended December 31, 2018 and 2017

Revenues

Revenues increased $277.3 million, or 190%, to $423.2 million in 2018 from $146.0 million in 2017. The increase in revenues was primarily driven by growth in unique aligner orders of 187% over the same period. Growth in unique aligner orders was primarily driven by an increase in conversion from website visitors to aligner sales in 2018, along with an increase in sales and marketing spend of $148.8 million from 2017 to 2018.

Cost of revenues

Cost of revenues increased $70.0 million, or 109%, to $134.0 million in 2018 from $64.0 million in 2017. Cost of revenues decreased as a percentage of revenues from 44% in 2017 to 32% in 2018 primarily as a result of producing more aligners internally versus outsourcing to a contract manufacturer. We anticipate that cost of revenues as a percentage of revenues will continue to slightly decrease for the foreseeable future as a result of manufacturing automation.

Gross margin increased to 68% in 2018 from 56% in 2017, primarily as a result of the factors described above.

Marketing and selling expenses

Marketing and selling expenses as a percentage of revenues increased to 50% in 2018 from 44% in 2017, and increased to $213.1 million in 2018 from $64.2 million in 2017, primarily due to increased digital and media advertising and branding efforts, and by expansion of SmileShop locations to prepare for growth in 2019 and beyond.

General and administrative expenses

General and administrative expenses increased $73.5 million, or 153%, to $121.7 million in 2018 from $48.2 million in 2017, primarily as a result of $29.7 million in salaries and wages from the expansion of our team member headcount, $13.0 million in equity-based compensation expenses, and $10.2 million legal expenses. General and administrative expenses as a percent of revenue decreased from 33% in 2017 to 29% in 2018, due to improved leveraging of our fixed costs.

Interest expense

Interest expense increased $11.6 million, or 538%, to $13.7 million in 2018 from $2.1 million in 2017, primarily as a result of our entry into the TCW Credit Facility in February 2018 and borrowings thereunder.

Other expense

Other expense increased $15.1 million to $15.1 million in 2018 from $0.0 million in 2017, primarily as a result of the increase in the fair value of the TCW Warrants.

Provision for income tax expense

Our provision for income tax expense was $0.4 million and $0.1 million for the years ended December 31, 2018 and 2017, primarily related to state income tax in certain jurisdictions.

Quarterly results of operations

The table below summarizes our unaudited quarterly results of operations for the past ten quarters. This information has not been subject to a review pursuant to AU 722, *Interim Financial Review*.

	Three-Months ended									
(in thousands)	**Mar 31, 2017**	**June 30, 2017**	**Sept 30, 2017**	**Dec 31, 2017**	**Mar 31, 2018**	**June 30, 2018**	**Sept 30, 2018**	**Dec 31, 2018**	**Mar 31, 2019**	**June 30, 2019**
	(unaudited)									
Total revenues	$ 17,084	$ 20,825	$ 54,324	$ 53,721	$ 68,415	$ 106,649	$ 119,666	$ 128,504	$ 177,736	$ 195,794
Total cost of revenues	7,349	11,927	21,968	22,767	27,574	32,803	35,935	37,656	48,915	34,664
Gross profit	9,735	8,898	32,356	30,954	40,841	73,846	83,731	90,848	128,821	161,130
Marketing and selling expenses	8,545	14,940	18,497	22,261	38,477	47,980	57,210	69,413	95,733	113,413
General and administrative expenses	7,559	11,102	12,292	17,249	19,791	27,510	30,249	44,193	49,459	47,032
Income (loss) from operations	(6,369)	(17,144)	1,567	(8,556)	(17,427)	(1,644)	(3,728)	(22,758)	(16,371)	685
Total interest expense	309	453	577	809	2,336	3,548	4,645	3,176	3,971	3,420
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—	29,640
Other expense (income)	—	—	—	—	—	8,642	6,493	13	118	(37)
Net income (loss) before provision for income tax expense	(6,678)	(17,597)	990	(9,365)	(19,763)	(13,834)	(14,866)	(25,947)	(20,460)	(32,338)
Provision for income tax expense	21	35	41	31	68	141	85	67	20	97
Net income (loss)	$ (6,699)	$ (17,632)	$ 949	$ (9,396)	$ (19,831)	$ (13,975)	$ (14,951)	$ (26,014)	$ (20,480)	$ (32,435)
Other Data:										
Adjusted EBITDA	$ (5,871)	$ (13,816)	$ 4,113	$ (5,555)	$ (12,895)	$ 4,431	$ 4,258	$ (12,651)	$ (3,889)	$ 6,188

The following table reconciles adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

(in thousands)	**Mar 31, 2017**	**June 30, 2017**	**Sept 30, 2017**	**Dec 31, 2017**	**Mar 31, 2018**	**June 30, 2018**	**Sept 30, 2018**	**Dec 31, 2018**	**Mar 31, 2019**	**June 30, 2019**
	(unaudited)									
Net loss	$ (6,699)	$ (17,632)	$ 949	$ (9,396)	$ (19,831)	$ (13,975)	$ (14,951)	$ (26,014)	$ (20,480)	$ (32,435)
Depreciation and amortization	498	544	699	772	1,277	1,458	2,232	3,894	4,655	5,068
Total interest expense	309	453	577	809	2,336	3,548	4,645	3,176	3,971	3,420
Income tax expense	21	35	41	31	68	141	85	67	20	97
Loss on disposal of property, plant and equipment	—	—	—	—	—	—	617		—	—
Fair value adjustment of warrant derivative	—	—	—	—	—	8,624	5,876		—	—
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—	29,640
Equity-based compensation	—	2,784	1,847	2,229	3,255	4,617	5,754	6,213	7,827	435
Other	—	—	—	—	—	18	—	13	118	(37)
Adjusted EBITDA	$ (5,871)	$ (13,816)	$ 4,113	$ (5,555)	$ (12,895)	$ 4,431	$ 4,258	$ (12,651)	$ (3,889)	$ 6,188

Liquidity and Capital Resources

We have incurred losses since our inception in 2014. As of June 30, 2019, we had an accumulated members' deficit of $226.0 million and had working capital of $184.9 million. Our operations have been financed primarily through net proceeds from the sale of our equity securities and borrowings under our debt instruments.

Our short-term liquidity needs primarily include working capital, international expansion, innovation, research and development, and debt service requirements. We believe that our current liquidity, along with the proceeds of this offering, will be sufficient to meet our projected operating, investing, and debt service requirements for at least the next 12 months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our levels of revenue, the expansion of sales and marketing activities, market acceptance of our clear aligners, the results of research and development and other business initiatives, the timing of new product introductions, and overall economic conditions. To the extent that current and anticipated future sources of liquidity are insufficient to fund our

future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of additional debt financing would result in debt service obligations, and any future instruments governing such debt could provide for operating and financing covenants that would restrict our operations.

SDC Inc. is a holding company with no operations of our own and, as such, we will depend on our subsidiaries for cash to fund all of our operations and expenses. We will depend on the payment of distributions by our subsidiaries, and such distributions may be restricted as a result of regulatory restrictions, state and international laws regarding distributions, or contractual agreements, including agreements governing indebtedness. For a discussion of those restrictions, see "*Risk Factors—Risks Related to Our Organization and Structure—We will be a holding company. Our sole material asset after completion of this offering will be our equity interest in SDC Financial, and as such, we will depend on our subsidiaries for cash to fund all of our expenses, including taxes and payments under the Tax Receivable Agreement.*" We currently anticipate that such restrictions will not impact our ability to meet our cash obligations.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated.

(in thousands)	Six months ended June 30,		Years ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
Net cash used in operating activities	$ (97,892)	$ (47,495)	$ (114,786)	$ (30,268)
Net cash used in investing activities	(38,148)	(5,942)	(41,841)	(10,027)
Net cash (used in) provided by financing activities	(28,801)	59,449	466,485	37,965
Increase (decrease) in cash	(164,841)	6,012	309,858	(2,330)
Cash at beginning of period	313,929	4,071	4,071	6,401
Cash at end of period	$ 149,088	$ 10,083	$ 313,929	$ 4,071

Comparison of the six months ended June 30, 2019 and 2018

As of June 30, 2019, we had $149.1 million in cash, an increase of $139.0 million compared to $10.1 million as of June 30, 2018.

Cash used in operating activities increased to $97.9 million during the six months ended June 30, 2019 compared to $47.5 million in the six months ended June 30, 2018, or an increase of $50.4 million, primarily resulting from an increase in accounts receivable associated with our SmilePay offering. We expect to incur a material one-time cash compensation expense in the quarter of this offering in connection with the payment of cash bonus amounts pursuant to the IBAs.

Cash used in investing activities increased to $38.1 million during the six months ended June 30, 2019, compared to $5.9 million in the six months ended June 30, 2018, primarily resulting from an increase in the number of SmileShop locations, along with an increase in purchases of manufacturing automation equipment and computer and software equipment.

Cash (used in) provided by financing activities decreased to $(28.8) million during the six months ended June 30, 2019, compared to $59.4 million in the six months ended June 30, 2018, primarily resulting from our refinancing of the TCW Credit Facility.

Comparison of the years ended December 31, 2019 and 2018

As of December 31, 2018, we had $313.9 million in cash, an increase of $309.8 million compared to $4.1 million as of December 31, 2017.

Cash used in operating activities increased to $114.8 million during 2018, compared to $30.3 million in 2017, an increase of $84.5 million, primarily resulting from an increase in accounts receivable associated with our SmilePay offering.

Cash used in investing activities increased to $41.8 million during 2018, compared to $10.0 million in 2017, primarily resulting from an increase in the number of SmileShop locations from 41 to 188, along with an increase in purchases of manufacturing automation equipment and computer and software equipment.

Cash provided by financing activities increased to $466.5 million during 2018, compared to $38.0 million in 2017, primarily resulting from the proceeds of $400.2 million we received from our 2018 Private Placement and an increase in our long-term borrowings to $117.4 million in 2018 compared to $36.0 million in 2017. This was offset by the repayment of Align Loan (as defined herein) of $30.0 million in February 2018.

2018 Private Placement

In the second half of 2018, SDC Financial consummated a private placement of approximately $400 million of Series A Preferred Units (the "2018 Private Placement"). Pursuant to the terms of the purchase agreement governing the 2018 Private Placement, a portion of the proceeds from the 2018 Private Placement was to be used to make distributions to, or redeem Pre-IPO Units from, the Pre-IPO Investors (other than the holders of Series A Preferred Units), in an amount of up to $200 million less any amounts ultimately used to redeem Align, a then-current member of SDC Financial, in connection with a then-existing arbitration proceeding, as further described in "*Our Business—Legal Proceedings*." We are paying Align $54 million of that amount, pursuant to a promissory note payable over 24 months through March 2021, in full redemption of Align's Pre-IPO Units pursuant to the arbitration decision in that matter, and the remaining $146 million has not been distributed to the Pre-IPO Investors to date. Align has since filed a subsequent arbitration proceeding disputing the $54 million redemption price and seeking an additional $43 million. Upon the conclusion of the current arbitration proceeding, we expect SDC Financial to pay to the Pre-IPO Investors (other than the holders of Series A Preferred Units of SDC Financial) a distribution equal to $43 million less any amount determined to be due and payable to Align in connection with the current arbitration proceeding, and in connection with this offering, we intend to use the remaining approximately $103 million to purchase LLC Units from the Pre-IPO Investors (other than the holders of Series A Preferred Units) as further described in "*Use of Proceeds*."

Tax Receivable Agreement

Our purchase of LLC Units from SDC Financial, coupled with SDC Financial's purchase and cancellation of LLC Units from the Pre-IPO Investors in connection with this offering, as described under "*Use of Proceeds*," and any future exchanges of LLC Units for our Class A common stock or cash are expected to result in increases in our allocable tax basis in the assets of SDC Financial that otherwise would not have been available to us. These increases in tax basis are expected to provide us with certain tax benefits that can reduce the amount of cash tax that we otherwise would be required to pay in the future. We and SDC Financial will enter into the Tax Receivable Agreement with the Continuing LLC Members, pursuant to which we will agree to pay the Continuing LLC Members 85% of the cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realize as a result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."

The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the Tax Receivable Agreement will be estimated at the time of an exchange of LLC Units. All of the effects of changes in any of our estimates after the date of the exchange will be included in net income. Similarly,

the effect of subsequent changes in the enacted tax rates will be included in net income. See "*Certain Relationships and Related Person Transactions—Tax Receivable Agreement*."

Because SDC Inc. will be the managing member of SDC Financial, which is the managing member of SDC LLC, which is the managing member of SDC Holding, we will have the ability to determine when distributions (other than tax distributions) will be made by SDC Holding to SDC LLC and by SDC LLC to SDC Financial and the amount of any such distributions, subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments). Any such distributions will then be distributed to all holders of LLC Units, including us, pro rata based on holdings of LLC Units. The cash received from such distributions will first be used by us to satisfy any tax liability and then to make any payments required under the Tax Receivable Agreement. We expect that such distributions will be sufficient to fund both our tax liability and the required payments under the Tax Receivable Agreement.

Indebtedness

Align Loan and Security Agreement

In 2016, we entered into a Loan and Security Agreement and related ancillary agreements (collectively, the "Align Loan") with Align Technology, Inc. ("Align"). The Align Loan was amended in 2017. The Align Loan provided a line of credit for us to borrow up to 80% of eligible receivables up to a maximum amount of $30 million at an interest rate of 7% per annum. The entire outstanding balance of $30.0 million was repaid with proceeds from the TCW Credit Facility, and the Align Loan terminated, in February 2018.

TCW financing agreement, warrants, and warrant repurchase obligations

We were party to a financing agreement with TCW Direct Lending (as amended, the "TCW Credit Facility"), which provided for a term loan of $55.0 million (the "Term Loan") and the potential to draw up to an additional $70.0 million (the "Delayed Draw Facility"). The Term Loan and the Delayed Draw Facility matured February 2023 and bore interest at an annual rate of LIBOR or a reference rate, as defined in the agreement, plus an applicable margin based on our leverage (8% margin on LIBOR for the year ending December 31, 2018). The TCW Credit Facility also included make-whole provisions in case of termination of the facility. The TCW Credit Facility was secured by a first mortgage and lien on our real property and related personal and intellectual property. As of December 31, 2018, we had $55.0 million outstanding under the Term Loan and $65.5 million outstanding under the Delayed Draw Facility. In June 2019, we repaid in full all amounts outstanding under the Term Loan and Delayed Draw Facility, including an approximately $11.9 million make whole payment.

We had issued two classes of warrants, Class W-1 and Class W-2 warrants (collectively, the "TCW Warrants"), in connection with the TCW Credit Facility to the lenders thereunder. In June 2019, we repurchased the warrants for approximately $32.6 million, including $0.7 million of accrued interest, pursuant to a repurchase obligation undertaken in connection with a December 2018 amendment to the TCW Credit Facility.

Revolving credit facility

In June 2019, we and SDC U.S. SmilePay SPV (the "SPV"), our wholly owned special purpose subsidiary, entered into a loan and security agreement with JPMorgan Chase Bank, N.A., as the administrative agent, the collateral agent and a lender (the "Revolving Credit Facility"), providing a secured revolving credit facility to the SPV in an initial aggregate maximum principal amount of $500 million with the potential to increase the aggregate principal amount that may be borrowed up to an additional $250 million with the consent of the lenders participating in such increase. Availability under the Revolving Credit Facility is based on, among other things, the amount of eligible retail installment sale contracts owned by the SPV.

The Revolving Credit Facility provides for interest on the outstanding principal balance of a spread above prevailing commercial paper rates or, to the extent the advance is not funded by a conduit lender through the issuance of commercial paper, LIBOR. The Revolving Credit Facility also provides for an unused fee based on the unused portion of the total aggregate commitment. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related financed receivables are applied to outstanding principal. Upon expiration of the Revolving Credit Facility on December 14, 2020 (unless earlier terminated or extended in accordance with its terms), any outstanding principal will continue to be reduced monthly through available collections. As of June 30, 2019, we had $151.3 million of outstanding borrowings under the Revolving Credit Facility at an interest rate of 5.6%.

The proceeds of the Revolving Credit Facility were used to repay all outstanding amounts under the TCW Credit Facility, including repurchasing the TCW Warrants, for working capital and other corporate purposes. We are required to maintain on a consolidated basis specified minimum tangible net worth and liquidity and are also subject to a maximum leverage ratio. The Revolving Credit Facility is secured by, among other assets, a first priority security interest in certain receivables conveyed by us to the SPV and certain of our intellectual property.

Promissory notes

Promissory notes to majority member and related parties: We were the obligor under three promissory notes payable to David Katzman and certain affiliated trusts. As of December 31, 2018, the balance of these notes was $11.7 million. Interest on these notes accrued at a rate of 10% per annum. These notes were repaid in full in the first quarter of 2019.

Promissory notes on unitholder redemption: We have two outstanding promissory notes to unitholders due to repurchases of membership units. The notes are payable over 24 to 36 monthly payments plus interest at 1.7% to 3% annually. As of December 31, 2018 and 2017, the outstanding balances on these notes payable were $6.2 million and $9.0 million, respectively. As of June 30, 2019, the outstanding balance on these notes payable was $4.0 million.

Contractual obligations

Our principal commitments consisted of obligations under our outstanding term loans and operating leases for equipment and office facilities. The following table summarizes our commitments to settle contractual obligations in cash as of the dates presented.

June 30, 2019	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(in thousands)		
Long-term debt	$ 202,711	$ 30,828	$ 171,883	$ —	$ —
Operating lease commitments	44,787	12,063	19,253	9,430	4,041
Capital lease commitments	9,440	3,348	6,092	—	—
Total contractual obligations	$ 256,938	$ 46,239	$ 197,228	$ 9,430	$ 4,041

The payments that we may be required to make under the Tax Receivable Agreement to the Continuing LLC Members may be significant and are not reflected in the contractual obligations tables set forth above as they are dependent upon future taxable income. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*."

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements during the periods presented.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that impact the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition and equity-based compensation, among others. Each of these estimates varies in regard to the level of judgment involved and its potential impact on our financial results. Estimates are considered critical either when a different estimate could have reasonably been used, or where changes in the estimate are reasonably likely to occur from period to period, and such use or change would materially impact our financial condition, results of operations, or cash flows. Actual results could differ from those estimates. While our significant accounting policies are more fully described in Note 1 to our consolidated financial statements included elsewhere in this prospectus, we believe that the following accounting policies and estimates are most critical to a full understanding and evaluation of our reported financial results.

Revenue recognition

As discussed in Note 1 to our consolidated financial statements included elsewhere in this prospectus, we adopted Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, as of January 1, 2017 using the full retrospective method. For the year ended December 31, 2016, the effect of the changes in revenue recognition under ASC 606 was immaterial from the amount that was reported under the previous guidance.

Our revenue is generated through sales of aligners, retainers, and other products. Our aligner sales commitment contains multiple promises which may include (i) initial aligners, (ii) mid-course corrections, and (iii) refinement aligners. Our members are eligible for modified or refinement aligners at any point during their treatment plan or immediately following their original treatment plan (which is typically between five and ten months), in each case, upon the direction of, and pursuant to a prescription from, the treating dentist or orthodontist. Under ASC 606, we evaluate whether the initial aligners, mid-course corrections, and refinement aligners represent separate or combined performance obligations. We have determined that these promises, within the aligner sales commitment, represent separate performance obligations.

The terms of the aligner and retainer sales include member rights to cancel the orders and return unopened aligner, impression kit, or retainer boxes for a refund of any consideration paid related to the returned products. The rights of return create variability in the amount of transaction consideration, and in turn, revenue we can recognize for fulfilling related performance obligations. We recognize revenue based on the amount of consideration to which we expect to be entitled, which excludes consideration received for products expected to be returned. Accordingly, we are required to make estimates of expected returns and related refund liabilities. We estimate expected returns based upon our assessment of historical and expected cancellations.

We offer our members the option of paying for the entire cost of their aligners upfront or enrolling in SmilePay, a convenient monthly payment plan that requires a $250 down payment, with the remaining consideration due over a period up to 24 months. Approximately 65% of our members elect to purchase our aligners using SmilePay. The amount of contract consideration we estimate to be collectible from our SmilePay members results in an implicit price concession. We estimate the amount of implicit price concession based upon our assessment of historical write-offs and expected net collections, business and economic conditions, and other collection indicators. We believe our analysis provides reasonable estimates of our revenues and valuations of our accounts receivable.

Revenue is recognized for mid-course corrections and refinement aligners when the promised goods are transferred to the member. Mid-course corrections and refinement aligners represent a promise to

transfer goods to members, and not all members order mid-course corrections or refinement aligners. We make our best estimate of mid-course correction and refinement aligner member usage rates, which we use to determine the amount of revenue to allocate to those performance obligations at inception of our aligner sales commitment. Our process for estimating usage rates requires significant judgment and evaluation of inputs, including historical data and forecasted usages. Any material changes to usage rates could impact the timing of revenue recognition, which may have a material effect on our financial position and result of operations.

Amounts received prior to satisfying the above revenue recognition criteria are recorded as a contract liability in our historical consolidated balance sheets.

Equity-based compensation

Prior to this offering, we issued equity-based compensation awards to team members and non-team members through the granting of incentive units. We have periodically granted incentive units to team members and non-team members, which generally vest over a four- or five-year period. The incentive units represent a separate substantive class of equity with defined rights within our Operating Agreement. The incentive units represent profit interests in the increase in our value over a participation threshold, as determined at the time of grant. The holder, therefore, has the right to participate in distributions of profits only in excess of such participation threshold. The participation threshold is based on the valuation of the incentive unit on or around the grant date.

We account for equity-based compensation for team members in accordance with ASC 718, *Compensation–Stock Compensation*. In accordance with ASC 718, compensation cost is measured at estimated fair value on grant date and is included as compensation expense over the vesting period during which a team member provides service in exchange for the award.

We account for equity-based compensation for non-team members in accordance with ASC 505, *Equity–Based Payments to Non-Employees*, which requires that non-team member compensation cost is measured at estimated fair value on the vesting date and is included as compensation expense over the vesting period during which a non-team member provides service in exchange for the award.

We used the Black-Scholes Option Pricing Method to allocate the total equity fair value among the various classes of equity including the incentive units. The Black-Scholes Option Pricing Method treats common units and preferred units as call options on the enterprise's value, with exercise prices based on the liquidation preference of the preferred units. Under this method, the common units have value only if the funds available for distribution to unitholders exceed the value of the liquidation preference at the time of a liquidity event (for example, merger or sale), assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the unitholders. The Black-Scholes Option Pricing Method includes various assumptions, including the expected life of incentive units, the expected volatility, and the expected risk-free interest rate. These assumptions reflect our best estimates, but they involve inherent uncertainties based on market conditions generally outside our control. As a result, if other assumptions had been used, unit-based compensation cost could have been materially impacted. Furthermore, if we use different assumptions for future grants, unit-based compensation cost could be materially impacted in future periods.

As there has been no public market for our common units to date, the estimated total equity fair value has been determined by our board of directors as of the date of each incentive unit grant, with input from management, considering our most recently available third-party valuations of the enterprise value. Valuations are updated when facts and circumstances indicate that the most recent valuation is no longer valid, such as changes in the stage of our development efforts, various exit strategies and their timing, and other scientific developments that could be related to our valuation, or, at a minimum, annually. Third-party valuations were performed in accordance with the guidance outlined in the American Institute of

Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately Held Company Equity Securities Issued as Compensation.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements recently adopted and not yet adopted, see Note 2 to our consolidated financial statements included elsewhere in this prospectus.

Quantitative and Qualitative Disclosures on Market Risks

Interest rate risk

Our cash consists primarily of an interest-bearing account at a large U.S. bank with limited interest rate risk. We intend to maintain our portfolio of cash equivalents in a variety of investment-grade securities, which may include commercial paper, money market funds, and government and non-government debt securities. Because of the short-term maturities of our cash and cash equivalents and marketable securities, we do not believe that an increase in market rates would have any significant negative impact on the realized value of our investments. At December 31, 2018, we held no investments in marketable securities.

As of December 31, 2018, we had $55.0 million outstanding under the Term Loan, $65.5 million outstanding under the Delayed Draw Facility, and $31.9 million outstanding under the TCW Warrant repurchase obligation. Each bore interest at an annual rate of LIBOR or a reference rate, as defined in the agreement, plus an applicable margin that is based on our leverage (8% on LIBOR margin for the year ending December 31, 2018). In June 2019, the Term Loan and Delayed Draw Facility were repaid in full and the TCW Warrants were repurchased.

In June 2019, we entered into a new facility with J.P. Morgan Chase Bank, N.A., as the administrative agent, providing a secured revolving credit facility in an initial aggregate maximum principal amount of $500 million with the potential to borrow up to an additional $250 million. The Revolving Credit Facility provides for interest on the outstanding principal balance of a spread above prevailing commercial paper rates or, to the extent the advance is not funded by a conduit lender through the issuance of commercial paper, LIBOR. As of June 30, 2019, we had $151.3 million of outstanding borrowings under the Revolving Credit Facility at an interest rate of 5.6%.

Foreign currency exchange risk

Historically we have operated primarily in the U.S. and substantially all of our revenue, cost, expense and capital purchasing activities for the year ended December 31, 2018 were transacted in United States dollars. As we are expanding our sales and operations internationally, we are more exposed to changes in foreign exchange rates. Our international revenue is currently predominantly from Canada and is denominated in primarily in Canadian dollars, with a limited portion from Australia and the U.K. and denominated in Australian dollars and pound sterling. In the future, as we expand into additional international jurisdictions, we expect that our international sales will be primarily denominated in foreign currencies and that any unfavorable movement in the exchange rate between U.S. dollars and the currencies in which we conduct foreign sales could have an adverse impact on our revenue. To minimize this risk, our expenses, other than manufacturing, are incurred in local currency to effectively create a natural hedge against currency risk.

A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, which are also subject to fluctuations due to changes in foreign currency exchange rates. In particular, in our Costa Rican operations, we pay payroll and other expenses in Costa Rican colones. In addition, our suppliers incur many costs, including labor costs, in other currencies. To the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us,

which could have a material impact on our gross margins. Our operating results and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuation from operating expenses is relatively small at this time as the related costs do not constitute a significant portion of our total expenses.

Our exposures to foreign currency risks may change as we grow our international operations over time and could have a material adverse impact on our financial results. We may in the future hedge our foreign currency exposure and may use currency forward contracts, currency options, and/or other common derivative financial instruments to reduce foreign currency risk. It is difficult to predict the effect any future hedging activities would have on our operating results.

Inflation risk

Inflationary factors, such as increases in our cost of revenues, advertising costs and other selling and operating expenses, may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain and increase our gross margin or to maintain current levels of selling, general, administrative and other operating expenses as a percentage of revenues if the selling price products do not increase with these increased costs.

Credit risk

We are exposed to credit risk through our SmilePay financing option. Approximately 65% of our members choose to finance their treatment through SmilePay. For the year ended December 31, 2018, SmilePay amounted to approximately $174.2 million in net receivables and an associated delinquency rate of approximately 10% of revenue. For the six months ended June 30, 2019, SmilePay amounted to approximately $275.1 million in net receivables and an associated delinquency rate of approximately 9% of revenue. We may experience an increase in payment defaults and uncollectible accounts, and may be required to revise our collection estimates, which would adversely affect our revenue and net income.

A LETTER FROM OUR CEO

The idea for SmileDirectClub was born 5 years ago by our founders Jordan and Alex, and our mission has been clear. . . Bring new smiles to the world through accessibility, convenience and affordability! In just a few short years we have successfully served over 700,000 members and are in the early innings of rapidly scaling the SDC platform to serve our global demand. Being committed to the customer experience and laser focused on achieving our goals through our "7 truths to Grin By" will continue to drive our culture. Stay Curious, Better is Better, Think Like a Customer, Data Discussion Deliver, Inspired by Why, Dependability Increases our Capability, and Win as a Team. These core values drive us every day to continue to advance our mission and help our members. We are a competitive group of 5,000+ strong and there isn't any other Team I would rather be in the fox hole with than the entire Team at SDC. Together we will continue working toward our goal of bringing access to a new smile to anyone on the planet who wants it.

We are now entering a phase of becoming a public company to help drive new investments and innovations so that we can continue to be better every day. This is a very exciting time in our young company's history and a key milestone that will help keep the rocket ship soaring.

I can't wait to get up every day to work side by side with our Team Members, and now our public investors, to capture the enormous opportunity that awaits us.

David Katzman, CEO

OUR BUSINESS

Our Company

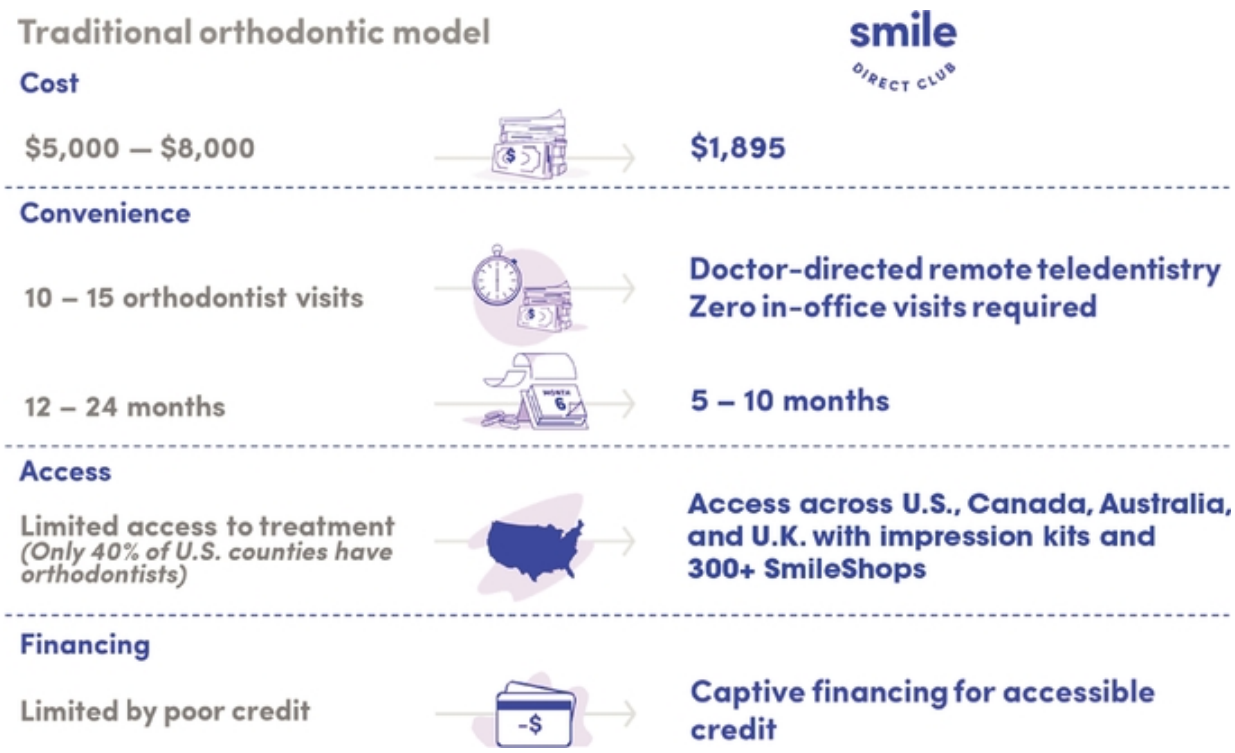
SmileDirectClub was founded on one simple belief: everyone deserves a smile they love.

We are the industry pioneer as the first direct-to-consumer medtech platform for transforming smiles. Through our cutting-edge teledentistry technology and vertically integrated model, we are revolutionizing the oral care industry.

Our clear aligner treatment addresses the large and underserved global orthodontics market. An estimated 85% of people worldwide suffer from malocclusion, yet less than 1% receive treatment annually. Our goal is to improve penetration into this untapped market by democratizing access to a more affordable, convenient, and accessible solution for a straighter smile. We believe we are the leading player in this early but massive opportunity. We believe that our aligner treatment can help over 90% of people with malocclusion, to some extent, to achieve a better smile.

The traditional orthodontic model, which includes both metal braces and clear aligner treatment administered through in-office doctor visits, suffers from many limitations; it is cost-prohibitive for many people, requires multiple inconvenient in-person appointments, and is not widely accessible. Specifically, traditional orthodontic solutions typically cost $5,000–$8,000 or more, require a series of time-consuming visits during limited hours, and are available in less than 40% of the counties in the U.S. alone.

We have disrupted the traditional orthodontic model by offering the following benefits:



Our vertically integrated model enables us to solve critical problems around cost, convenience, and access to care. We offer professional-level service and high-quality clear aligners at a cost of $1,895, up to 60% less than traditional orthodontic solutions. We achieve this cost savings while maintaining high quality by removing the overhead cost of in-person doctor visits and managing the entire member experience, all the way from marketing to aligner manufacturing, fulfillment, treatment by a member's doctor, and monitoring through completion of their treatment, which is enabled by our proprietary teledentistry

platform, SmileCheck. These efficiencies enable us to pass the cost savings directly to our members and allow doctors to focus on what matters most: providing convenient access to excellent clinical care. To further democratize access to care, we offer our members the option of paying the entire cost of their treatment upfront or enrolling in our financing program, SmilePay, a convenient monthly payment plan. We also accept insurance and as of 2019, are in-network with United Healthcare and Aetna.

Our member journey starts with two convenient options: a member books an appointment to take a free, in-person 3D oral image at any of our over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., or orders an easy-to-use doctor prescribed impression kit online, which we mail directly to their door. Using the image or impression, we create a draft custom treatment plan that demonstrates how the member's teeth will move during treatment. Next, via SmileCheck, a state licensed doctor within our network reviews and approves the member's clinical information and treatment plan. If the member is a good candidate for clear aligners, the treating doctor then prescribes custom-made clear aligners, the member has the opportunity to review a 3D rendering of how their teeth will move over time and, if the member decides to purchase, we then manufacture and ship the aligners directly to the member. SmileCheck is also used by the treating doctor to monitor the member's progress and enables seamless communication with the member over the course of treatment. Upon completion of treatment, a majority of our members purchase retainers every six months to prevent their teeth from relapsing to their original position. We also offer a growing suite of ancillary oral care products, such as whitening kits, to maintain a perfect smile.

Our primary focus is on delivering an exceptional customer ("member") experience. Our average net promoter score of 57 since inception, compared to an average net promoter score of 1 for the entire dental industry (according to West Monroe Partners), and our average rating of 4.9 out of 5 from over 100,000 member reviews on our website, demonstrate that our members are highly satisfied. As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee, which provides members a refund or additional treatment, at no extra cost, if they are not entirely satisfied.

Since our founding in 2014, we have helped over 700,000 members across all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K., and have opened over 300 SmileShops, including in partnership with CVS and Walgreens. Our rapid growth validates our value proposition and compelling business model. Our total revenues increased 190%, to $423.2 million in 2018 from $146.0 million in 2017. Our total revenues for the six months ended June 30, 2019 were $373.5 million, an increase of 113% over the same time period in 2018. We generated net losses of $(74.8) million and $(32.8) million and Adjusted EBITDA of $(16.9) million and $(21.1) million in 2018 and 2017, respectively, and net losses of $(52.9) million and Adjusted EBITDA of $2.3 million for the six months ended June 30, 2019.

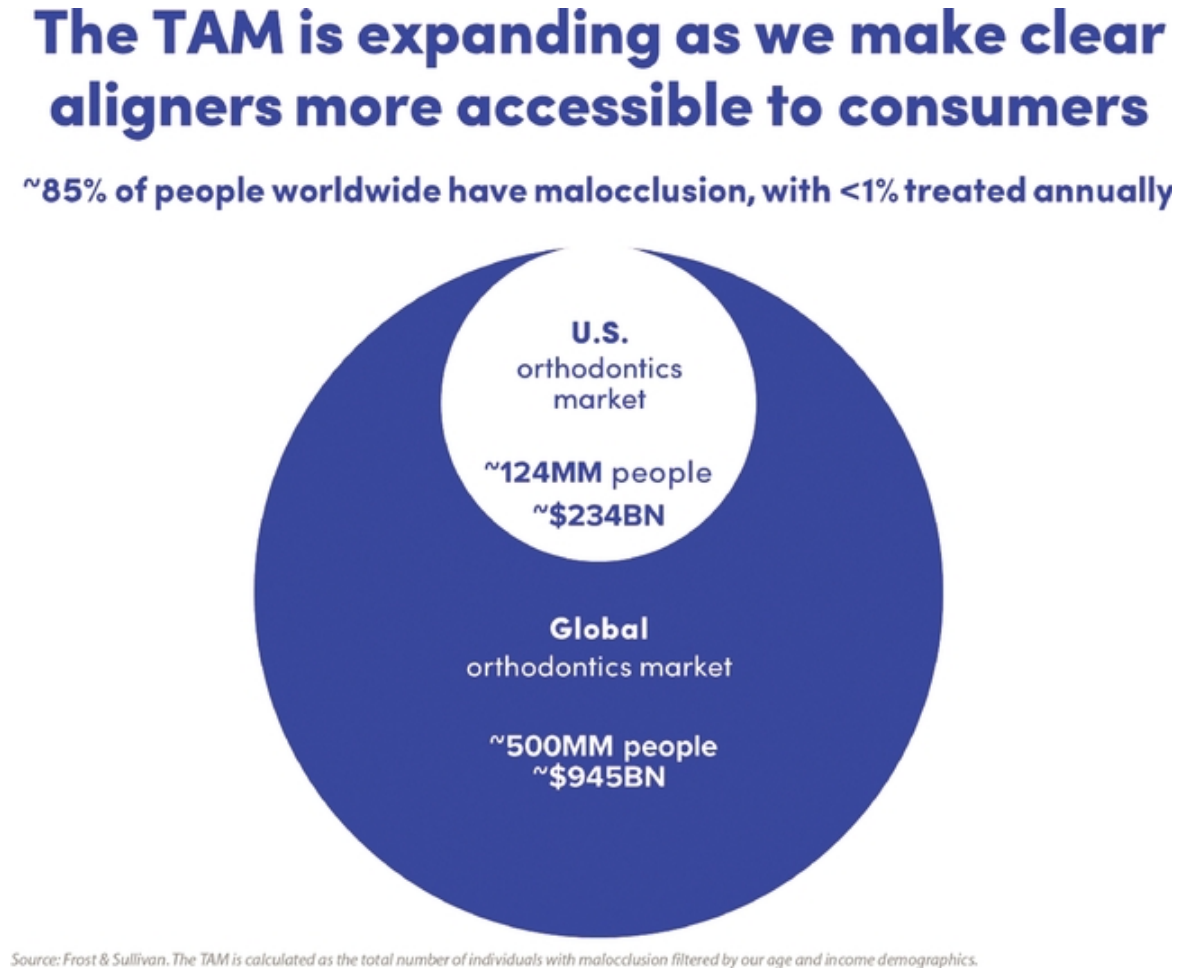
Our Market Opportunity

The global orthodontics market is large and underserved. Approximately 85% of people worldwide have malocclusion, with less than one percent treated annually. We believe that our aligner treatment can help over 90% of people with malocclusion, to some extent, to achieve a better smile.

The market is expanding as we make clear aligners more accessible to consumers. Our total market is greater than 120 million people in the U.S. and approximately 500 million people globally, according to a Frost & Sullivan study. This study estimates the market by analyzing country-specific data related to malocclusion prevalence and age and income demographics. For age demographics, the study considers people between 12 and 64 years of age. For income demographics, the study considers the number of people who can afford a monthly payment plan for clear aligners, as measured by country-specific income levels and estimated discretionary spend levels.

We believe over 90% of this market is addressable today and we are in the very early stages of penetrating this opportunity. Furthermore, to address our global opportunity, we launched in Canada in November 2018 and have helped over 15,000 members there to date. In the second quarter of 2019, we

launched in Australia, and in the third quarter of 2019, we launched in the United Kingdom, with plans to continue expanding into other countries in the near-term.



As a reflection of our market opportunity, our member base is diverse and spans all demographics. Our members' household income typically spans from $30,000 to $130,000, and our members range in age from teenagers (less than 5% of our members) to the 50+ category (10% of our members). Approximately 65% of our members are between 20 and 40 years old.

Trends in Our Favor

Several trends support our success and growth potential, primarily as a result of technological advances in healthcare and a wave of change in consumer preferences and purchasing decisions.

Emphasis on mission-driven brands

Consumers are increasingly scrutinizing whether companies are guided by socially responsible principles. In turn, mission-driven brands are generating higher customer confidence and spend and building emotional connections with consumers beyond a transactional relationship. According to a study by Cone Communications, 88% of consumers would consider buying products from purpose-driven companies, and 79% of consumers feel more loyalty towards purpose-driven companies.

Technology is driving transformation in healthcare

Technology is driving innovation in the healthcare industry, with increasing acceptance and adoption of telemedicine and remote care. According to a study conducted by The Advisory Board Company, up to 77% of those surveyed would consider receiving virtual healthcare. Telemedicine increases access, provides convenience and efficiency, and lowers cost to patients, thereby increasing utilization by people who have historically foregone treatment. In particular, orthodontic care is undergoing rapid digitization, in which software is able to capture oral images, recognize areas for correction, and map out step-by-step treatment plans in granular detail. Digital orthodontic care can also reduce risks and uncertainties at all stages of the treatment process to provide more accurate and consistent care.

Higher awareness of aesthetic image among consumers

The proliferation of social media emphasizes online identity and, as a result, drives consumers to present an image of their best selves. This emphasis has increased interest in aesthetically focused businesses, particularly those that focus on less invasive cosmetic treatments. Within the next 12 months, more than one in three adults in the U.S. are considering at least one cosmetic treatment, with cosmetic dentistry (including teeth alignment, whitening, and veneers) topping the list of nonsurgical treatments, according to a survey conducted by The Harris Poll on behalf of RealSelf.

Rise of omni-channel retail

Customers are increasingly expecting the convenience of an e-commerce business, coupled with the support and consultation provided with an in-person experience. In this environment, consumer-facing businesses must combine digital experiences with strategic brick and mortar locations to successfully convert potential customers. This strategy is supported by an IDC Retail Insights report, which found that retailers who utilized omni-channel marketing strategies experienced a 15-35% increase in average transaction size, a 5-10% increase in loyal customers' profitability, and 30% higher customer lifetime value than those who market using only one channel.

Data's increasing importance and impact on healthcare

Data is a powerful force that is driving improved quality of care while also decreasing costs. The solutions produced by leveraging insights from increasing amounts of data will be instrumental in making healthcare more preventative, predictive, and precise. By combining data with artificial intelligence, doctors, including orthodontists and general dentists, will be able to more effectively anticipate, diagnose, treat, and improve outcomes.

Consumer purchasing habits are increasingly driven by mobile channels

Consumers have access to their mobile devices virtually anywhere and anytime. Given this continuous connectivity, businesses are adapting their marketing strategies and increasingly focusing on mobile and social media platforms. This strategy has given rise to a new class of companies that have found rapid success through targeted social media marketing and direct-to-consumer e-commerce platforms. According to research by eMarketer, U.S. digital ad spending is expected to increase from $111 billion in 2018 to $188 billion in 2022, with 75% of the total digital U.S. spend in 2022 focused on mobile-only channels.

Our Member Journey

Through our member-centric platform, we have disrupted the traditional orthodontics industry, and in the process have helped over 700,000 members and growing. Based on our satisfaction surveys, more than 95% of our members surveyed would recommend the SmileShop experience to friends, demonstrating very high satisfaction with their experience.

Members start their journey by visiting our website, where they can learn about how our process works, read first-hand reviews from other members, and view before and after photos. Members then proceed with their journey through one of two convenient options:

- *In person at a SmileShop:* A member can use our website to easily book an appointment to take a free, in-person 3D oral image at any of our over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K. At the 30-minute appointment, one of our team members ("SmileGuides") uses a handheld oral camera that takes approximately 6,000 photos per second to create a highly detailed digital map of the member's smile.

- *Remotely with an impression kit:* A member can order an easy-to-use doctor prescribed impression kit online, which we mail directly to their door pursuant to the prescription of a licensed doctor. Our impression kits are simple to use and can typically be completed by a member within 30 minutes. The member then returns their completed impression in a prepaid shipping box so that the impression can be scanned and digitized.

Once completed, the image or impression is used to create a digital map of the member's mouth, which our trained technicians use to create a draft custom treatment plan that contains the clinical protocols for how the member's teeth will move during treatment. The treatment plan is then sent to a state licensed doctor in our network. Within 48 hours, the doctor reviews the treatment plan, together with the member's oral photos, dental and health history, and chief complaint, and, where appropriate, approves the member's clinical information and treatment plan and prescribes custom-made clear aligners.

At this point in the journey, we offer our members two payment options to purchase the prescribed aligners: pay the full cost of treatment upfront or enroll in SmilePay, a convenient monthly payment plan that provides a flexible payment option to make our clear aligner treatment even more accessible. With a $250 down payment and an average monthly payment of only $85, SmilePay provides a more affordable option for those who cannot make the $1,895 full payment upfront.

Following a member's purchase, we manufacture and ship the full set of custom-made clear aligners directly to the member. The average treatment lasts approximately six months. Once a member begins treatment, the member is required to upload photos and other information to SmileCheck at least every 90 days for their treating doctor to review and order any mid-course corrections or refinements, as needed. In addition, members can connect with their treating doctor at any point in the process through SmileCheck.

As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee. Our Smile Guarantee ensures a full refund if a member is not satisfied for any reason within the first 30 days and a pro-rated refund, or additional aligners at no cost for further adjustment at no cost, if the member is not satisfied at any point later in the process. Upon completion of treatment, a majority of our members purchase retainers every six months to prevent their teeth from relapsing to their original position. We also offer a growing suite of ancillary oral care products, such as whitening kits, to maintain a perfect smile.

Throughout our member journey, we are singularly focused on delivering an exceptional member experience. We manage every member touchpoint and communication, enabling us to continually refine and optimize the member experience.

How it works.

1 3D image.

Take a free 3D image at a SmileShop or SmileBus.

or

Impression kit.

Purchase an easy-to-use, prescribed impression kit online. When done, drop the impression kit in the mail and upload required photos.

2 Building new smiles.

Within 48 hours, a duly licensed dentist or orthodontist reviews the clinical information and prescribes aligners if appropriate. The average treatment plan is 6 months.

3 Aligners ship directly.

3–4 weeks later, our in-house manufactured custom-made aligners are shipped, all at once.

4 Checking in.

The treating duly licensed doctor reviews clinical progress through our remote teledentistry platform at least every 90 days.

5 Smiles are forever.

Once the smile journey is completed, members can buy retainers and our other products to help maintain a smile they'll love.

Our Value Proposition to Our Members

Our goal is to deeply impact and enrich our members' lives by giving them a smile that they can be confident in. Our offering provides a highly positive member experience delivered by our vertically integrated model, which enables us to address critical problems around cost, convenience, and access to care. As a result, we deliver a quality service at a fraction of the cost and in a much quicker and convenient manner than traditional orthodontic solutions.

Affordable, professional-level quality product

We offer professional-level service and high-quality clear aligners at a cost of $1,895, up to 60% less than traditional orthodontic solutions. We achieve this cost savings while maintaining high quality by removing the overhead cost of in-person doctor visits and managing the entire member experience, all the way from marketing to aligner manufacturing, fulfillment, and treatment monitoring by a member's doctor through completion of their treatment. These efficiencies enable us to pass the cost savings directly to the members and allow doctors in our network to focus on what matters most: providing convenient access to excellent clinical care.

Convenience

Our omni-channel retail strategy, along with our teledentistry platform, enables members to choose how they would like to interact with us. Traditional orthodontic treatment requires monthly visits whereas doctors using our teledentistry platform do not require in-person visits. Doctors in our network rely on SmileCheck to communicate with our members and view their progress through the submission of photos and other information every 90 days, or more frequently, if required. In addition, our treatment plans typically range from five to ten months, with an average of six months, compared to the traditional orthodontic model of 12 to 24 months. We also recently introduced our innovative Nighttime Clear Aligners, which require only 10 hours of nightly wear, for members who are unwilling or unable to wear aligners for the typical 22 hours per day required for traditional clear aligner therapy.

Accessibility

Over 60% of counties in the U.S. do not have an orthodontist's office, thereby limiting access to treatment for a large portion of the population. Using our proprietary teledentistry platform, we have helped treat members in over 80% of these underserved counties since launching in 2014. We have provided care to members in every state in the U.S., from the densest metropolitan cities to remote rural areas. Our doctor network includes licensed orthodontists and general dentists in all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K., and we can ship to anywhere in these countries. In addition, our rapidly scaling network of over 300 SmileShops provides prospective members a convenient touchpoint when considering treatment.

SmilePay

To further democratize access to care, we offer our members the option of paying the entire cost of their treatment upfront or enrolling in SmilePay, a convenient monthly payment plan that makes our clear aligner treatment even more accessible. With a $250 down payment and an average monthly payment of only $85, SmilePay provides a more affordable option for those who cannot make the $1,895 full payment upfront.

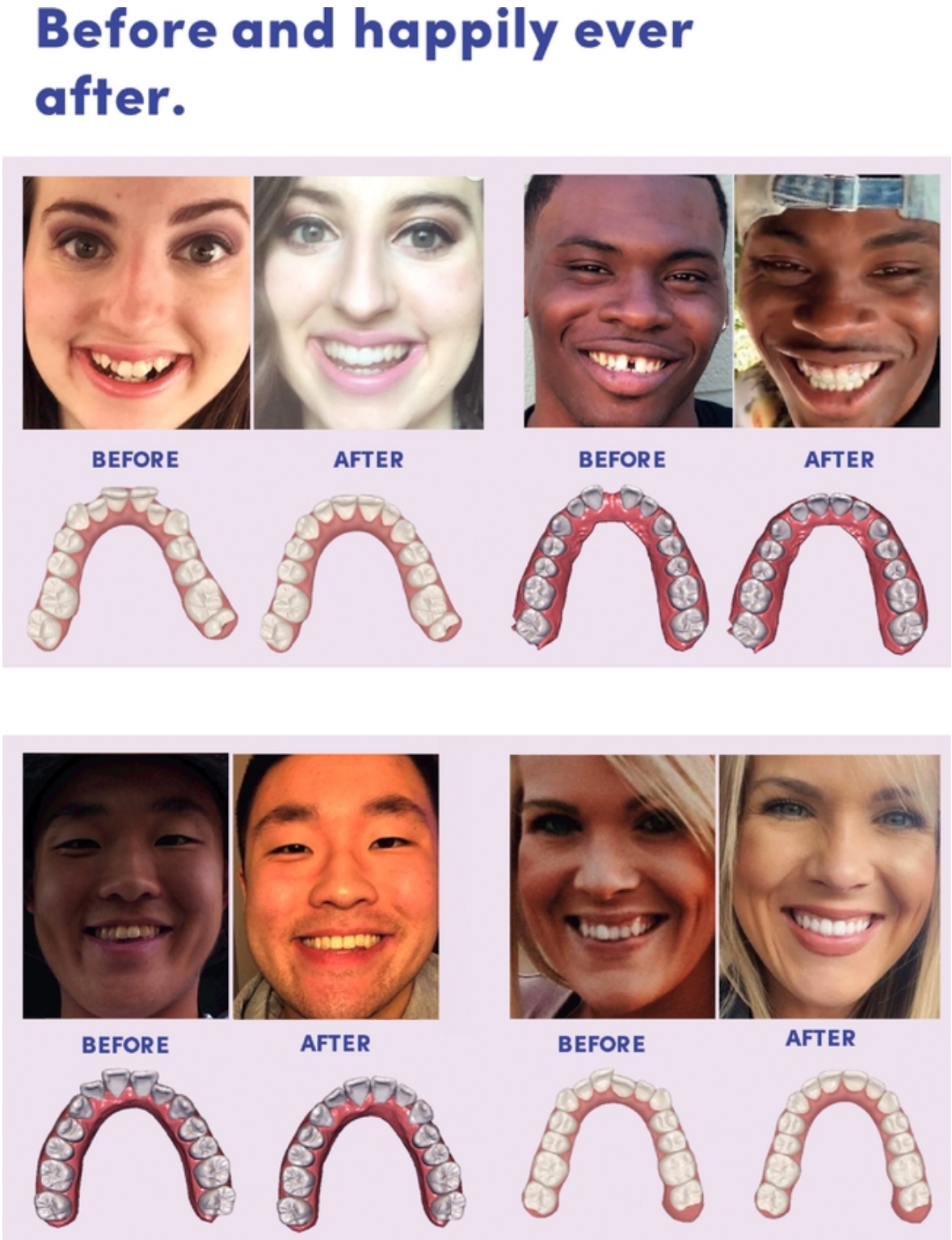
Smile Guarantee

Members can feel confident in using our products and services on a risk-free basis. As a testament to our confidence in the quality and efficacy of our product, we offer a Smile Guarantee: If our members are dissatisfied with their aligners for any reason within the first 30 days of their treatment, we allow them to

return their aligners and receive a full refund. Alternatively, after the first 30 days, we allow members to return the remainder of their aligners for a pro-rated refund based on the number of aligners used. Finally, if a member follows their treatment plan guidelines and does not achieve a smile they love, the treating doctor will re-evaluate the member's results, and we will provide additional aligners for further adjustment at no additional cost.

Highly satisfied grinners

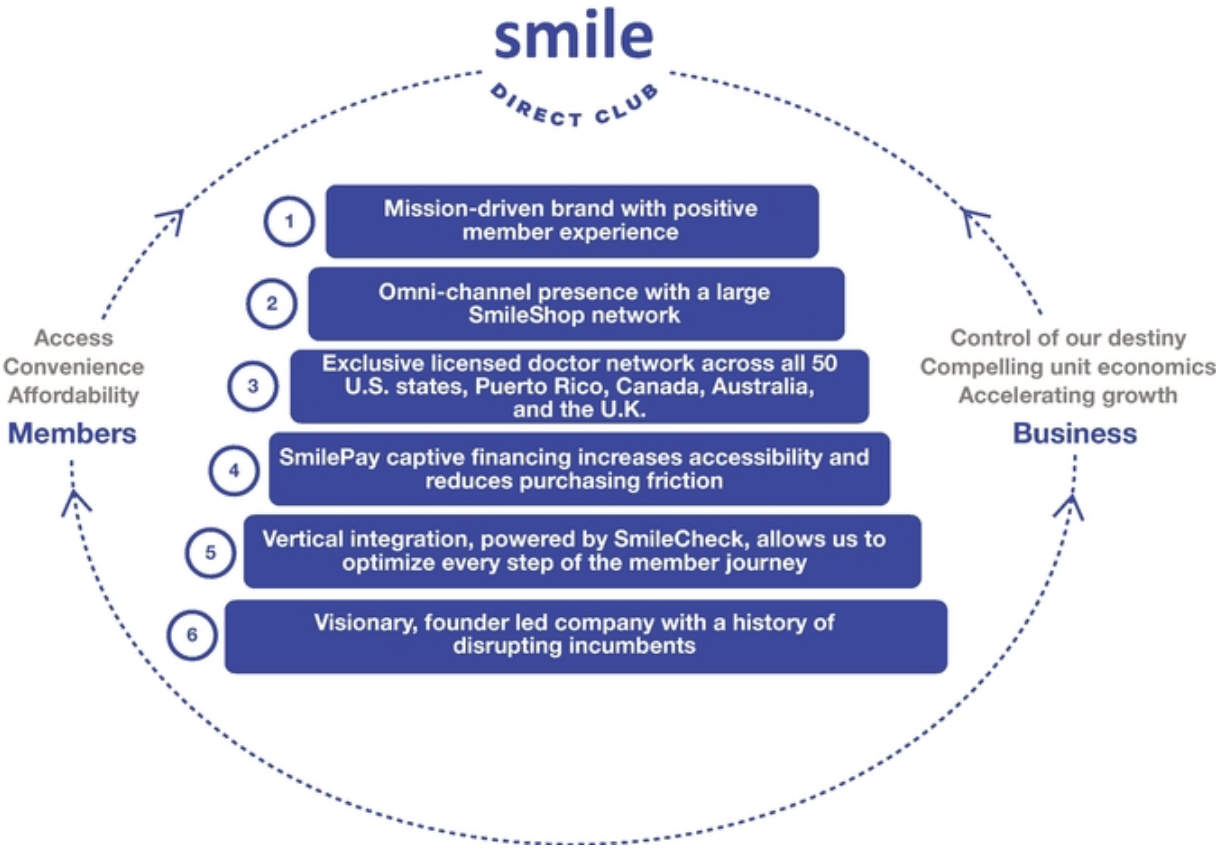
Our primary focus is on delivering an exceptional member experience. We have helped over 700,000 members with an average net promoter score of 57 since inception, compared to an average net promoter score of 1 for the entire dental industry (according to West Monroe Partners), and an average rating of 4.9 out of 5 from over 100,000 member reviews on our website.



These are typical SmileDirectClub customers. Their average treatment length is 6 months. Individual results may vary.

Our Strengths

We believe our strengths will allow us to maintain and extend our position as the leading direct-to-consumer clear aligner provider. Below is a summary of our key strengths:



Mission-driven brand with positive member experience

Our mission is to democratize access to a smile each and every person loves, and we strive to create the best possible experience doing so. Our commitment to member experience has produced an average net promoter score of 57 since inception. More than 95% of our members surveyed would recommend our SmileShop experience to friends and over 20% of our members today come through referrals. We believe we enjoy the largest reach and presence on social media relative to our competitors, with over 500,000 likes on Facebook and over 300,000 followers on Instagram as of June 30, 2019. Clear aligners are a highly considered purchase, and our scale and member satisfaction are important criteria that will enable us to maintain our position as the leading direct-to-consumer clear aligner provider.

Omni-channel presence with a large SmileShop network

With two options for members to start their journey, we empower members to choose how they would like to interact with us. If a member chooses to order a doctor prescribed impression kit, we will mail one directly to their door. Alternatively, we have a network of over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., which provides an in-person experience to members who prefer that channel.

SmileShops have historically been a key driver in expanding access to care by reducing the friction of purchase and improving our member conversion. Furthermore, our SmileShops require little capital investment, with minimal upfront capital expenditure.

In addition to our stand-alone SmileShops, we are opening SmileShops in partnership with prominent retailers. We have entered into five-year non-exclusive agreements with both CVS Pharmacy, Inc. and Walgreen Co., pursuant to which we have the ability to open up to 1,500 SmileShops within CVS stores and any number of SmileShops within Walgreens stores across the country. With a CVS location within three miles of 70% of Americans and a Walgreens or affiliate location within five miles of 78% of Americans, these relationships will not only further increase the convenience and accessibility of our products in areas where we do not currently have a SmileShop presence, but also improve our brand awareness and provide another touchpoint to increase our member conversion. We are also exploring similar arrangements with other domestic and international retailers.

Exclusive licensed doctor network across all 50 U.S. states, Puerto Rico, Canada, Australia, and the U.K.

We have a network of approximately 240 orthodontists and general dentists across the U.S., Puerto Rico, Canada, Australia, and the U.K. who are fully licensed across these jurisdictions to meet regulatory requirements, and we continue to successfully expand our doctor network to support our growth. In addition, we believe our domestic doctor network is sufficient to support our growth. The doctors in our network evaluate our members' progress throughout treatment, and are available to answer any questions should members need additional assistance.

SmilePay captive financing increases accessibility and reduces purchasing friction

SmilePay is a key element to democratizing access to care and removing price as a limiting factor for our members. As of June 30, 2019, approximately 65% of our members elect to purchase our clear aligners using SmilePay, which does not require a credit check. With SmilePay, a $250 down payment is required up front, which covers the cost of manufacturing the aligners. The remaining cost is financed over 24 months at an average monthly cost of $85 per month. For the year ended December 31, 2018 and the six months ended June 30, 2019, we offered SmilePay at an APR of approximately 17%, which had an associated delinquency rate of approximately 10% of revenue for the year ended December 31, 2018 and approximately 9% of revenue for the six months ended June 30, 2019. We believe SmilePay, as a captive offering, reduces purchasing friction by removing the complex third-party financing process, resulting in higher member conversion and a better overall member experience.

Vertical integration powered by SmileCheck allows us to optimize every step of the member journey

We are the first clear aligner company to build a scalable, integrated technology platform and doctor network for teledentistry. We manage the entire end-to-end process in a member's journey, from the moment a member visits the website all the way through aligner manufacturing, fulfillment, and treatment monitoring by a member's doctor through completion of their treatment. Our proprietary software platform, SmileCheck, supports rapid and efficient communication between our members and their treating doctors, and the clinical and customer care teams.

Managing the member journey from start to finish provides us with a comprehensive understanding of our members and enables us to provide personalized, data-driven insights. It also enables us to quickly test and pilot new solutions, and rapidly implement changes to our platform in order to deliver the best outcome for our members and our business.

Additionally, we believe our expertise in leveraging data and process engineering allows us to continually evolve how we interact with our members, which has resulted in an over 100% increase in member conversion for the year ended December 31, 2018 compared to the year ended December 31, 2016.

The following demonstrates how our vertical integration is critical to the success of our business model:

Visionary founder led company with a history of disrupting incumbents

Our founders have brought a wealth of business and operational knowledge with extensive experience in disrupting industries, particularly in direct-to-consumer offerings. We have built a culture of innovation and passion for creating smiles, supported by data-driven decision making, discipline, and member-centric service, while building multiple competitive advantages. We are experts at gathering and interpreting data to continually re-engineer our processes and improve member conversion and satisfaction. We believe our management team is well positioned to execute our long-term growth strategy for our business and attract and retain best-in-class talent.

Our Growth Strategy

Our mission is to provide everyone with a smile they love. We accomplish this by democratizing access to more affordable and convenient orthodontic care. We believe there is significant opportunity to further grow our member base. We have helped over 700,000 members out of a worldwide opportunity of approximately 500 million members. We plan to grow by continuing to pursue the following key growth strategies:

Increase demand and conversion

Given that we have captured less than 1% of the total market opportunity, we plan to grow our member base by continuing to focus our marketing efforts on the approximately 85% of people globally who have malocclusion. We market our aligners through an omni-channel approach which has more than

doubled our aided awareness since January of 2018, to 38% today, and has increased our referral rates from 15% to 21% over the same time period.

Each month, there are approximately five million unique visitors to our website. Approximately 1% of these visitors purchase aligners, up from 0.5% in 2016. We have been able to double our visitor to aligner conversion over the past two years as a result of our process engineering expertise. This expertise, along with our meticulous attention to each step of the member experience, enables us to continually improve conversion at each of the hundreds of touchpoints throughout the member journey. For example, over the past two years, we have increased SmileShop appointment show rates by 31% and impression kit acceptance rates by 44%. We have been able to accomplish these improvements in conversion through our CRM strategies, educational efforts, technology advancements, and data-driven insights.

We see significant opportunity to continue increasing overall demand for our products and improving conversion at every touchpoint across our member acquisition funnel.

Expand services internationally

We launched in our first international market, Canada, in November 2018, our second international market, Australia, in the second quarter of 2019, and our third international market, the U.K., in the third quarter of 2019. With approximately 75% of the total market opportunity outside of the U.S., we see significant opportunity to grow internationally.

Introduce new products

We remain focused on developing products to further differentiate our offering and disrupt the oral care industry. For instance, we are developing products to further penetrate the oral care market and have already launched numerous ancillary products such as retainers, lip balm, MoveMints, BrightOn premium whitening, and an LED accelerator light to address our members' oral care needs. We believe that our growing suite of products will lengthen our relationship with our members and enhance our recurring stream of revenue.

In the third quarter of 2019, we launched our innovative Nighttime Clear Aligner product into the U.S. market, and we expect to roll out this new product into our other markets throughout the third and fourth quarters of 2019. This proprietary new product, which requires only 10 hours of nightly wear, will enable us to expand our market to customers who are unwilling or unable to wear aligners for the 22-hour daily wear cycle typically required with traditional clear aligner therapy.

Continue SmileShop rollout

SmileShops have been a key driver in expanding access to care by reducing friction of purpose and improving our member conversion. These locations serve as point of destination retail experience, providing members with an omni-channel opportunity to learn more about our aligners. We have over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., and expect to open approximately 20 new SmileShops per month for the remainder of 2019. In addition to our stand-alone SmileShops, we have entered into five-year non-exclusive agreements with both CVS Pharmacy, Inc. and Walgreens Co., pursuant to which we have the ability to open up to 1,500 SmileShops within CVS stores and any number of SmileShops within Walgreens stores across the country to increase accessibility, brand awareness, and member conversion. We are also exploring similar arrangements with other domestic and international retailers. We utilize a highly disciplined and analytical approach to selecting SmileShop locations that support our brand image and that correlate with our member base.

Leverage data science and technology

With over 700,000 members helped to date, we have one of the largest repositories of data in the oral care sector. Using this data and artificial intelligence, along with other technologies, we believe we can enhance our existing offerings, improve our manufacturing, and produce new products. We will leverage this same information and technology to develop and introduce new products.

Expand business partnerships

We have entered into standard insurance coverage agreements with United Healthcare and Aetna to include coverage for our aligners on an in-network basis, which means our members who participate in these plans can obtain treatment at a lower out-of-pocket cost, after insurance coverage and negotiated discounts, and will no longer need to retroactively submit for reimbursement. Historically, while members may have been able to obtain reimbursement for clear aligner treatment from their insurance provider, our products have not been covered as an in network benefit. These new agreements will decrease the upfront cost to our members and further streamline the complete revenue cycle management process, from eligibility check to payment posting. We are currently negotiating with other large insurance companies for similar arrangements. In addition, we are currently negotiating other business partnerships, such as corporate SmileDays and corporate discount programs, among others.

Selectively pursue M&A opportunities

We plan to leverage our know-how and our platform's expanding scale to selectively pursue acquisitions. Our acquisition strategy is centered on acquiring technologies, products, and capabilities that are highly scalable and that are complementary to our business model.

Sales and Marketing

Our management team has substantial experience successfully marketing direct-to-consumer brands. We market our aligners and other products through an omni-channel approach supported by media mix modeling (MMM) and multitouch attribution modeling (MTA). We currently receive approximately five million unique visitors to our website each month, from which we generate approximately 400,000 email leads. Our marketing approach focuses on both offline activities, mainly television, and online digital marketing. These programs include but are not limited to:

- *Offline Advertising:* We use offline advertising, primarily television advertising, as well as billboards, buses and subways, to create overall brand awareness. We also market through experiential channels, such as corporate events, concerts, and sporting events, spokespeople, and business to business partnerships to enhance and create awareness.

- *Social Media & Paid Advertising:* We manage paid programs across relevant social media and search sites including, but not limited to, Facebook, Instagram, Pinterest, and Google. Our advertising is hyper-targeted based upon interests and demographics, and we use retargeting tools for efficient advertising across the web and online video platforms. We also market online through our network of spokespeople and influencers.

- *Search Engine Marketing:* We manage sophisticated paid campaigns to keep our brand at the top of relevant search pages. We also have a comprehensive search engine optimization strategy which incorporates our ecommerce site and blog, thereby keeping paid search engine costs down and spurring organic search results from tens of thousands of keywords and a library of content.

- *Customer Relationship Management Marketing:* We attract, nurture and maintain leads and members through over 30 custom CRM flows involving email, SMS and direct mail, totaling over 3,000 unique messages. Our CRM platform allows for advanced segmentation of offer and message based upon source, length of lead, and current member behaviors.

- *Earned & Owned Marketing:* We utilize organic social media, earned press and member-generated content by building an ecosystem of members, influencers and evangelists that promote awareness, sales and our member community. We had over 500,000 likes on Facebook and 300,000 followers on Instagram as of June 30, 2019.

SmileShops

SmileShops have been a key driver in expanding access to care by reducing friction of purchase and improving our member conversion. These locations serve as point of destination retail experience, providing members with an omni-channel opportunity to learn more about our aligners. We have over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., and expect to open approximately 20 new SmileShops per month for the remainder of 2019, including SmileShops in our retail partners described below. We utilize a highly disciplined and analytical approach to selecting SmileShop locations that support our brand image and that correlate with our member base. We target locations based on market characteristics, demographic and psychographic characteristics, and population density.

In addition to our stand-alone SmileShops, we are opening SmileShops in partnership with prominent retailers, such as CVS and Walgreens. Our partnership agreement with CVS, entered into in 2019, provides us with the option to licence store area to open up to 1,500 SmileShops within mutually agreed CVS locations. Our partnership agreement with Walgreens, also entered into in 2019, provides us with the option to licence store area to open SmileShops in mutually agreed Walgreens locations, with no set limit on how many. With a CVS location within three miles of 70% of Americans and a Walgreens or affiliate location within five miles of 78% of Americans, these relationships will increase the convenience and accessibility of our products in areas where we do not currently have a SmileShop presence, improve our brand awareness, and provide another touchpoint to increase our member conversion. Pursuant to the terms of our CVS and Walgreens agreements, we are required to pay CVS or Walgreens, as applicable, a fixed fee per customer scan, subject to a monthly minimum for each location. We are not obligated to open any SmileShops under these agreements. These agreements each have an initial term of five years, plus successive one-year renewal terms under the CVS agreement and five-year renewal terms under the Walgreens agreement, in each case until terminated by either party. We may also terminate each of these agreements with respect to any specific location for convenience. We are exploring similar arrangements with other domestic and international retailers.

To increase access to care, we have also introduced six mobile SmileShops, called SmileBuses, for targeting underserved areas, events, corporations and schools, among other targets, as well as SmileDirectClub pop ups in hotels and other locations. By focusing on areas where there is high demand but no SmileShop location, our SmileBuses support our mission of democratizing access to care.

Treatment Plan Design and Aligner Manufacturing

We produce customized aligners based on a doctor's review of a member's dental and health history, chief complaint, photographs, and a 3D model of the member's mouth resulting from receiving a digital image or physical impression. To produce the customized aligners, we have developed a number of proprietary processes and technologies, including complex software solutions, laser, destructive and white light scanning techniques, stereolithography, 3D printing, and thermoforming. Our manufacturing is performed by Access Dental Lab, LLC, our wholly owned subsidiary.

Treatment plan design

Members have the option of booking an appointment to take a free, in-person 3D oral image at any of our SmileShops, where one of our SmileGuides uses a handheld oral camera that takes approximately 6,000 photos per second to create a highly detailed digital map of the member's smile, or ordering one of our easy-to-use impression kits online and returning their completed impression to our manufacturing

facility. Our trained technicians then use the image or impression to create a draft custom treatment plan that contains the clinical protocols for how the member's teeth will move during treatment. The rules that govern the clinical protocols are contained within our proprietary software that is specifically designed for our direct-to-consumer aligners. Lastly, prior to a locally licensed doctor in our network reviewing the case, all treatment plans go through a quality review with our doctors in Costa Rica.

Initial treatment plan design is conducted primarily at our facilities in San Jose and Cartago, Costa Rica. Costa Rica's status as one of the Americas' leading nations for dental education and expertise enables us to recruit and employ highly qualified personnel in our treatment plan setup facilities. We employ approximately 85 doctors for quality review and approximately 650 treatment plan setup technicians at our facilities in Costa Rica.

After the treatment plan has been designed, a doctor licensed in the member's state reviews the member's oral photos, dental and health history, chief complaint, and treatment plan, to make an independent determination of the member's suitability for clear aligner treatment. The treating doctor can then approve the treatment plan and prescribe the member's clear aligners, request additional clearances from the member's dentist prior to making a determination on treatment, decline the member as a candidate for clear aligners, typically due to an oral health concern or the complexity of the case, or return it to the treatment plan setup team for specified adjustments prior to final approval.

Aligner manufacturing

Our aligners are manufactured at our facilities in Antioch, Tennessee, where we employ approximately 1,250 team members. Every order is custom made, and we believe the complexity inherent in producing our highly customized aligners in large volumes is a barrier to potential competitors. Over the past 12 months we have made significant advances in manufacturing automation to improve quality and reduce cost, and we expect to automate additional manufacturing functions in the future.

We have agreements with the suppliers of the raw materials needed to manufacture our aligners and for the putty used in our at-home impression kits. We also rely on a third party to assemble and distribute our at-home impression kits. There are alternative suppliers available for all raw materials we require and our supply agreements specifically provide for our ability to purchase from these alternate sources if our preferred suppliers are not capable of meeting demand. We also have the ability to secure additional manufacturing from other sources, if required.

Quality control and assurance

We have an extensive team responsible for quality control and assurance. First, we employ approximately 100 doctors in Costa Rica to review every draft treatment plan prior to the plan going to our network of approximately 240 state licensed doctors. Second, the network treating doctor reviews each member's treatment plan, dental and health history, chief complaint, and oral photos to assess candidacy for clear aligners. In addition, the treating doctor can ask for additional information or documentation if desired. Lastly, we have an extensive team of approximately 85 members responsible for reviewing every aligner that is manufactured prior to shipping and maintaining compliance with FDA and other applicable regulations to help ensure a high level of quality in our final product.

Doctor Network

We have a proprietary network of approximately 240 state licensed orthodontists and general dentists across the U.S., Puerto Rico, Canada, Australia, and the U.K. We recruit doctors with the appropriate licenses across jurisdictions to meet regulatory requirements, and continue to expand our network to support our growth. In addition to being in good standing in the jurisdictions where each doctor is licensed to practice dentistry, doctors in our network must have at least 4 years' experience in treating patients with clear aligner therapy. Doctors in our network review member records, evaluate candidacy for treatment,

review, refine and approve treatment plans, prescribe clear aligners, communicate with members, review case progress, order any necessary treatment plan modifications, and are available to answer any questions should members need additional assistance. As we continue to expand internationally, we will expand our doctor network with appropriately licensed professionals. Each of our doctors agrees to a non-compete for a period of 18 months.

Comprehensive Member Care

We provide comprehensive 24/7 customer care to our members through a variety of communication channels, including our website, phone, chat, email and social media as well as self-guided resources such as knowledge-based and how-to videos and articles on our website. We have a dedicated team of approximately 600 customer care team members in Nashville and Costa Rica, including general customer care team members, an advanced customer care team to address more complex questions, and a clinical customer care team of certified dental professionals available to answer clinical questions. In addition, each member's treating doctor is available to answer clinical questions as needed.

We believe that providing timely, responsive support and educational content to our members helps foster an ongoing engagement that builds loyalty to our brand and also enables us to understand member needs as they evolve. Our member community serves as an efficient and engaging platform through which we can deliver customer care and receive feedback from members. We gather and analyze user feedback from all platforms to help inform our design and engineering teams on future enhancements to our products and services. As our member base grows in new geographies, we will continue to focus on building a scalable support infrastructure that enables our members to engage with us through the channel that is most convenient and efficient for their needs.

SmileCheck

All of our member data is stored in our SmileCheck platform, a proprietary central data repository for all medical records, business transactions, and member communications. SmileCheck supports rapid uniform access to, and use of, member information across any internet-connected device.

From a member's standpoint, SmileCheck powers a user-friendly online portal that allows for easy remote access to treatment plan information, SmilePay account details and communications on a convenient, integrated platform that can be accessed whenever and wherever members choose. SmileCheck facilitates real-time, remote sharing of treatment data between our members and their treating doctors, thus avoiding inconvenient, in person-doctor visits. In lieu of in-person visits, members are required to upload dental photos to SmileCheck at least every 90 days, in addition to other information, so that their treating doctor may review their progress.

Our doctor network also uses SmileCheck for case assignment and management. Our software automatically connects each member's case to a doctor licensed in that member's state. Once a case is accepted by the appropriate doctor, that doctor is able to study the members' records, review, refine, and approve treatment plans, prescribe clear aligners, communicate with members, assess case progress and order any necessary treatment plan modifications, all via SmileCheck, as highlighted below.

Research and Development

We have a research and development team with medical device development, dental/orthodontic, data science and other innovation focused backgrounds. Our research and development efforts are primarily focused on new product development for orthodontic and ancillary oral care products as well as data science and manufacturing automation.

Intellectual Property

We have two issued U.S. patents, one allowed U.S. patent, and numerous pending U.S. and global patent applications. These patents and applications cover critical aspects of our process, including impression kit design, the SmileShop process, dental impression model merging, manufacturing automation and process, and our SmileCheck software. Our issued U.S. patents expire in 2037 and 2038, respectively, and our allowed U.S. patent expires in 2039.

We own ten issued U.S. trademark registrations, and have over 35 pending U.S. trademark applications. We also own over 60 issued trademark registrations in Australia, Brazil, Canada, China, India, South Korea, Mexico and the United Kingdom, and have over 150 additional foreign trademark applications currently pending in various countries worldwide. Collectively, our global trademark filings cover our SMILE DIRECT CLUB house marks for use in connection with a wide variety of goods and services related to our business, as well secondary marks (e.g., BRIGHT ON., SMILECHECK and SMILESHOP) and slogans.

We continue to pursue further intellectual property protection through U.S. and non-U.S. patent applications, trademark applications, and non-disclosure and non-compete agreements. We also seek to protect our software, documentation and other written materials under trade secret and copyright laws. There can be no assurance that patents will be issued as a result of any patent application or that patents that have been issued to us or may issue in the future will be found to be valid and enforceable and sufficient to protect our technology or products. We currently have a key licensing agreement with CA Digital gmbH, a leading pioneer in the market for digital orthodontics, for 3D software used in the preparation of treatment plans for our members, which provides us exclusive third-party use of the licensed software on a global basis in connection with direct-to-consumer clear aligner therapy. We do not control the protection of the intellectual property subject to this license and, as a result, we are largely dependent upon our licensor to determine the appropriate strategy for protecting such intellectual property.

Seasonality

Our business does not experience material seasonality fluctuations in the results of our operations and cash flow needs throughout the year. However, we do increase our marketing spend at certain periods of the year, such as January, when members typically have a higher focus on aesthetics, and we experience

corresponding increases in website traffic and SmileShop bookings as a result of these increased marketing efforts. In contrast, the third quarter has historically tended to have less growth relative to other quarters.

Our Team Members and Culture

We have approximately 5,000 team members, including approximately 600 at our headquarters in Nashville, Tennessee, approximately 1,250 at our manufacturing facilities in Antioch, Tennessee, approximately 1,250 at our facilities in San Jose and Cartago, Costa Rica, and approximately 1,750 at SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K. Our team members at our Nashville headquarters include our executive team, as well as team members responsible for our customer care, clinical care, marketing, finance, legal, people and organization, information technology, data science, and analytics. Our team members in Antioch, Tennessee are primarily responsible for developing, overseeing and carrying out manufacturing operations, and our team members in Costa Rica are primarily treatment plan setup technicians, licensed orthodontic consultants, and customer care team members. We believe that our relations with our team members are good. We are not a party to any collective bargaining agreements. We also have a network of approximately 240 independent orthodontists and general dentists in all 50 states, Puerto Rico, Canada, Australia, and the U.K., each of whom agree to a non-compete for a period of 18 months.

Our values and culture

We have built a very strong culture at SDC—one rooted in our purposeful mission to provide affordable and convenient access to care and in our values, which we call our Truths to Grin By. Our Truths include the following headlines:

- Stay Curious;
- Think Like A Customer;
- Win As A Team;
- Data, Discussion, Deliver;
- Inspired By Why;
- Better Is Better; and
- Dependability Increases Capability.

Our Truths unite us; they link us to our why and provide an active roadmap for how we do work which imprints them into the DNA of our company. We actively recruit leaders that can sustain and lead by our Truths. Our Team Members know that every voice matters and actively participate in bettering our business each day. Our culture is one where curiosity, adaptability and agility are core tenants. We believe teams drive the business and that dependability and continuous improvement are the expectation. We also manage to have fun which drives engagement and commitment. Our strong purpose, focus on people development with depth and breadth and the ability to create dynamic career paths; all underpinned by inspirational Truths truly make our culture a competitive advantage.

Competition

We compete with a handful of smaller companies that collectively have limited market share in the direct-to-consumer clear aligner industry, including Candid Co., Smilelove and SnapCorrect. To a lesser extent, we also face competition from more well-established competitors in the traditional orthodontic industry, which requires in-person visits, such as Align Technology, Inc. We believe that the principal competitive factors in the market for orthodontic appliances include:

- access and convenience;

- price and financing options;
- ease of use;
- duration and effectiveness of treatment; and
- aesthetic appeal of the treatment method.

We believe that we compete favorably with respect to each of these factors.

Properties

Our corporate headquarters are located in Nashville, Tennessee, where we lease approximately 41,000 and 55,000 square feet of office and operations space in two buildings. We also lease our 131,000 and 35,000 square foot manufacturing facilities in Antioch, Tennessee, and are in the process of leasing space near Austin, Texas, where we expect to open a second manufacturing faciliy in late 2019. We have over 300 SmileShops across the U.S., Puerto Rico, Canada, Australia, and the U.K., all of which are either leased or licensed from our retail partners, and we expect to open approximately 20 new SmileShops per month for the remainder of 2019, including SmileShops in our retail partners. Lastly, we lease our 41,000 square foot facility in San Jose, Costa Rica and our 32,000 square foot facility in Cartago, Costa Rica. Management believes the terms of the leases are consistent with market standards and were arrived at through arm's-length negotiation.

Regulatory Matters

Our aligners, retainers, whitening products, and impression kits are considered medical devices and, accordingly, are subject to rigorous regulation by government agencies in the U.S. and other countries in which we sell our products. These regulations vary from country to country but cover, among other things, the following activities with respect to medical devices:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- product storage and safety;
- marketing, sales and distribution;
- pre-market clearance and approval;
- record keeping procedures;
- advertising and promotion;
- recalls and field safety corrective actions;
- post-market surveillance;
- post-market approval studies; and
- product import and export.

FDA regulation

In the U.S., numerous laws and regulations govern the processes by which medical devices are developed, manufactured, brought to market and marketed. These include the FD&C Act and its implementing regulations issued by FDA, among others. Unless an exemption applies, each medical device commercially distributed in the United States requires FDA clearance of a 510(k) premarket notification ("510(k) clearance"), granting of a *de novo* request, or approval of an application for premarket approval ("PMA"). In general, under the FD&C Act, medical devices are classified in one of three classes on the

basis of the controls necessary to reasonably assure their safety and effectiveness. A medical device's classification determines the level of FDA review and approval to which the device is subject before it can be marketed to consumers:

- Class I devices, the lowest-risk FDA device classification, include devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to FDA's medical device general controls, including labeling, establishment registration, device product listing, adverse event reporting, and, for some products, adherence to good manufacturing practices through FDA's Quality System Regulations.

- Class II devices, moderate-risk devices, also require compliance with general controls and in some cases, special controls as deemed necessary by FDA to ensure the safety and effectiveness of the device. These special controls may include performance standards, particular labeling requirements, or post-market surveillance obligations. While most Class I devices are exempt from the 510(k) premarket notification requirement, typically a Class II device also requires pre-market review and 510(k) clearance as well as adherence to the Quality System Regulations/good manufacturing practices for devices.

- Class III devices, high-risk devices that are often implantable or life-sustaining, also require compliance with the medical device general controls and Quality System Regulations, and generally must be approved by FDA before entering the market through a PMA application. Approved PMAs can include post-approval conditions and post-market surveillance requirements, analogous to some of the special controls that may be imposed on Class II devices.

Our manufacturing quality system is required to be in compliance with the Quality System Regulations enforced by FDA and similar regulations enforced by other worldwide regulatory authorities. FDA's Quality System Regulations require manufacturers to follow stringent design, testing, process control, documentation, and other quality assurance procedures.

Our retainers and whitening products are Class I devices, which may be marketed in the U.S. without premarket clearance or approval by FDA and are subject to general controls, including labeling, establishment registration, and adherence to good manufacturing practices through FDA's Quality System Regulations.

We market our clear aligner products in the U.S. pursuant to 510(k) clearance as they are a Class II medical device. The manufacture, marketing and distribution of our aligners and other medical device products are subject to continuing regulation and enforcement by FDA and other government authorities, which includes routine FDA inspections of our facilities to determine compliance with facility registration requirements, product listing requirements, medical device reporting regulations, and Quality System Regulations, among others. If FDA finds that we have failed to comply with Quality System Regulations or other legal or regulatory requirements, it or other government agencies may institute a wide variety of enforcement actions against us, ranging from Warning Letters to more severe sanctions, including but not limited to financial penalties, withdrawal of 510(k) clearances already granted, and criminal prosecution. We have has passed our International Organization for Standardization ("ISO") and Medical Device Single Audit Program ("MDSAP") certification process and have added the U.S. to our ISO/MDSAP certification.

The 510(k) process

Under the 510(k) process, the manufacturer must submit to FDA a premarket notification demonstrating that the device is "substantially equivalent" to either a device that was legally marketed prior to May 28, 1976, the date upon which the Medical Device Amendments of 1976 were enacted, and for which a PMA is not required, a device that has been reclassified from Class III to Class II or Class I, or another commercially available device that was cleared through the 510(k) process. To be "substantially

equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data is sometimes required to support substantial equivalence.

After a 510(k) premarket notification is submitted, FDA determines whether to accept it for substantive review. If it lacks necessary information for substantive review, FDA will refuse to accept the 510(k) notification. If it is accepted for filing, FDA begins a substantive review. By statute, FDA is required to complete its review of a 510(k) notification within 90 days of receiving the 510(k) notification. As a practical matter, clearance often takes longer, and clearance is never assured. FDA may require further information, including clinical data, to make a determination regarding substantial equivalence, which may significantly prolong the review process. If FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device.

Post-market regulation

After a device is cleared or approved for marketing, numerous and extensive regulatory requirements may continue to apply. These include but are not limited to:

- annual and updated establishment registration and device listing with FDA;
- Quality System Regulation requirements, which require manufacturers to follow stringent quality assurance procedures during all aspects of the design and manufacturing process;
- restrictions on sale, distribution, or use of a device;
- labeling, advertising, promotion, and marketing regulations, which require that promotion is truthful, not misleading, and provide adequate directions for use and that all claims are substantiated, and also prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling;
- clearance or approval of product modifications to legally marketed devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use;
- medical device reporting regulations, which require that a manufacturer report to FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury if the malfunction were to recur;
- correction, removal, and recall reporting regulations, and FDA's recall authority;
- complying with the federal law and regulations requiring Unique Device Identifiers on devices; and
- post-market surveillance activities and regulations, which apply when deemed by FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

FDA has broad regulatory compliance and enforcement powers. If FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees, and civil penalties;
- recalls, withdrawals, or administrative detention, or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;

- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export or import approvals for our products; or
- criminal prosecution.

International regulation

The Canadian Food and Drugs Act, and the Medical Device Regulations issued thereunder, provide for regulation by Health Canada of the manufacture, labeling, packaging, distribution, sale, and advertisement of medical devices. Our aligners are regulated as a Class II medical device under the Canadian Medical Device Regulations, which require, among other things, that Class II medical device manufacturers selling medical devices hold a medical device establishment license and file various reports. We received our Canadian ISO/MDSAP certification in March 2019. In light of our recent ISO/MDSAP certification, we believe that we are in substantial compliance with applicable Canadian regulations and do not anticipate having to make any material expenditures as a result of Health Canada or other currently applicable regulatory requirements. Under Canadian regulation, manufacturing facilities are subject to periodic inspections by regulatory authorities and must comply with device safety and effectiveness requirements as required by the Medical Devices Regulations and Health Canada. To that end, we have implemented controls and procedures intended to ensure that our Access Dental Lab Quality System meets FDA's and Health Canada's requirements. We have an extensive Quality Assurance team at Access Dental Lab, which has passed its ISO and MDSAP certification process.

There is currently no premarket government review of medical devices in the European Economic Area ("EEA") However, all medical devices placed on the market in the EEA must meet the relevant essential requirements laid down in Annex I of Directive 93/42/EEC concerning medical devices, or the Medical Devices Directive. The most fundamental essential requirement is that a medical device must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performances intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. The European Commission has adopted various standards applicable to medical devices. These include standards governing common requirements, such as sterilization and safety of medical electrical equipment, and product standards for certain types of medical devices. There are also harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the essential requirements as a practical matter. Compliance with a standard developed to implement an essential requirement also creates a rebuttable presumption that the device satisfies that essential requirement.

In the U.K. and EEA, our aligners and retainers are considered Class I custom made medical devices and are not required to have a CE mark certification acknowledging conformity with health and safety protection standards for sales of those products into the U.K. and the EEA. We have a CE mark for sales of our impression kits into the U.K. and EEA.

On April 5, 2017, the European Parliament passed the Medical Devices Regulation (Regulation 2017/745), which repeals and replaces the EU Medical Device Directive. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable, and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation. The Medical Devices Regulation will become applicable three years after publication (in 2020). Once applicable, the new regulations will, among other things:

- strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- establish explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance, and safety of devices placed on the market;

- improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- set up a central database to provide patients, healthcare professionals, and the public with comprehensive information on products available in the E.U.; and
- strengthen rules for the assessment of certain high-risk devices, such as implants, which may have to undergo an additional check by experts before they are placed on the market.

In Australia and New Zealand, our retainers and aligners are considered custom-made medical devices and are exempt from inclusion in the Australian Register of Therapeutic Goods ("ARTG"), although we have submitted our notification to be listed on the ARTG and with New Zealand's Medicines and Medical Devices Safety Authority ("Medsafe") on the Web Assisted Notification of Devices ("WAND") database, respectively, so that we have the right to ship those products into Australia and New Zealand. Impression kits are considered Class I devices in Australia and New Zealand, and we are registered and listed with these countries to ship impression kits to our members there.

Quality System Regulations

Our manufacturing quality system is required to be in compliance with the Quality System Regulations enforced by FDA and similar regulations enforced by other worldwide regulatory authorities. FDA's Quality System Regulations require manufacturers to follow stringent design, testing, process control, documentation, and other quality assurance procedures. If FDA finds that we have failed to comply with Quality System Regulations or other legal or regulatory requirements, it or other government agencies may institute a wide variety of enforcement actions against us, ranging from Warning Letters to more severe sanctions, including but not limited to financial penalties, withdrawal of 510(k) clearances already granted, and criminal prosecution. In addition, under Canadian regulation, manufacturing facilities are subject to periodic inspections by regulatory authorities and must comply with device safety and effectiveness requirements as required by the Medical Devices Regulations and Health Canada. To that end, we have implemented controls and procedures intended to ensure that our Access Dental Lab Quality System meets FDA's and Health Canada's requirements. We have an extensive Quality Assurance team at Access Dental Lab.

State professional regulation

Our ability to conduct business in each state is dependent in part upon that particular state's treatment of remote healthcare delivery under such state's laws, rules and policies governing the practice of dentistry, which are subject to changing political, regulatory and other influences. Orthodontists and dentists who provide professional services to a patient via teledentistry must, in most instances, hold a valid license to practice or to provide treatment in the state in which the patient is located. In addition, certain states require an orthodontist or dentist providing telehealth services to be physically located in the same state as the patient. Failure to comply with these laws and regulations can give rise to civil or criminal penalties.

Two state dental boards have established new rules or interpreted existing rules in a manner that purports to limit or restrict our ability to conduct our business as currently conducted. The Georgia Board of Dentistry passed a new rule that requires a licensed dentist to be present when 3D oral images are taken by a dental assistant, and the Board of Dental Examiners of Alabama has interpreted existing rules to require "direct supervision" (meaning the dentist must be physically present somewhere in the building) for the taking of a digital image. In both Georgia and Alabama, we have filed lawsuits in Federal court, against the dental boards and their individual members alleging, among other things, violations of the Sherman Act, interfering with our business model. The Georgia Board of Dentistry has voluntarily agreed not to take any action against us pending a final resolution of the matter. In Alabama, we have obtained a Temporary Restraining Order precluding the Board of Dental Examiners from taking any action against us

until a final disposition of the matter has occurred. The Alabama court upheld our ability to move forward against individual dental board members, in their official capacity. Currently, trial is set for the fall of 2019. In New Jersey, the Dental Association has filed a lawsuit against us alleging that we are engaging in the illegal corporate practice of dentistry, without the support or inclusion of the New Jersey Dental Board as a party. We have filed a motion to dismiss on the grounds that the New Jersey Dental Association does not have standing to make such a claim, which motion was denied. We have filed a motion to reconsider that denial and will file an appeal if necessary. In addition, a national orthodontic association has met with various dental boards across the country in an effort to advocate for new rules and regulations that could have the effect of interfering with our business model. To date, none of these efforts have resulted in rules and regulations being passed and we have engaged lobbyists to assist in educating policy makers about our positions. Recently, legislation has been introduced in a handful of states specifically supporting and promoting teledentistry and telehealth, including but not limited to requiring insurance companies to pay for such services. We continually monitor these proposed laws and other legal and regulatory developments to understand their potential impact on our operations.

DSO regulation

We are engaged by our network of doctors to provide a suite of non-clinical administrative support services, including access to and use of SmileCheck, as a dental support organization, or DSO. As a result, we are required to register in those states that require registrations of DSOs, which currently include Nevada, Kansas, and Texas.

Our network of doctors are licensed to practice dentistry in their respective state and are engaged as employees or independent contractors of various professional corporations. These PCs are owned by independent doctors and are registered to engage in business in their respective states. It is through these PCs that the clinical services for clear aligner therapy are rendered to our members. We enter into a suite of agreements with each of the PCs to provide its DSO services. In addition, we are also a supplier of the clear aligner products to these PCs and enter into a Supply Agreement with each of the PCs accordingly.

Consumer credit compliance

Our SmilePay program subjects us to complex consumer financial protection laws and regulations, among others. We must comply with all applicable U.S. federal and state regulatory regimes, including but not limited to those governing consumer retail installment credit transactions. Certain U.S. federal and state laws generally regulate the rate or amount of finance charges and fees and require certain disclosures for consumer finance transactions. In particular, we may be subject to laws such as:

- state laws and regulations that impose requirements related to credit disclosures and terms, credit discrimination, credit reporting, debt servicing, and collection;
- the Truth in Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to customers regarding the terms and conditions of their transactions;
- Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, Section 1031 of the Dodd-Frank Consumer Financial Protection Act, which prohibits unfair, deceptive, or abusive acts or practices in connection with any consumer financial product or service, and similar state laws that prohibit unfair or deceptive acts or practices;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder and state non-discrimination laws, which generally prohibit creditors from discriminating against credit applicants on the basis of, among other things, race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act;

- the Fair Credit Reporting Act as amended by the Fair and Accurate Credit Transactions Act, and similar state laws, which promote the accuracy, fairness, and privacy of information in the files of consumer reporting agencies;

- the Fair Debt Collection Practices Act and similar state, and local debt collection laws, which provide guidelines and limitations on the conduct of debt collectors and creditors in connection with the collection of consumer debts;

- Title V of the Gramm-Leach-Bliley Act and similar state privacy laws, which include limitations on financial institutions' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances require financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information, and require financial institutions to disclose certain privacy policies and practices with respect to information sharing with affiliated and nonaffiliated entities as well as to safeguard personal customer information, and other privacy laws and regulations;

- the Bankruptcy Code and similar state insolvency laws, which limit the extent to which creditors may seek to enforce debts against parties who have filed for protection or relief from claims of creditors;

- the Servicemembers Civil Relief Act and similar state laws, which allow military members and certain dependents to suspend or postpone certain civil obligations, as well as limit applicable rates, so that the military member can devote his or her full attention to military duties;

- the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide disclosure requirements, guidelines, and restrictions on the electronic transfer of funds from consumers' deposit accounts;

- the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures and, with consumer consent, permits required disclosures to be provided electronically; and

- the Bank Secrecy Act, which relates to compliance with anti-money laundering, customer due diligence, and record-keeping policies and procedures.

Other U.S. federal and state laws

We are also subject to various laws inside and outside the U.S. concerning our relationships with healthcare professionals and government officials, price reporting and regulation, the promotion, sales and marketing of our products and services, the importation and exportation of our products, reimbursement for our products and services, the operation of our facilities, and the distribution of our products. Initiatives sponsored by government agencies, legislative bodies, and the private sector regarding these matters, including efforts to limit the growth of healthcare expenses generally, are ongoing in markets where we do business. It is not possible to predict at this time the long-term impact of such cost containment and other measures on our future business.

We contract with orthodontists, dentists, or professional corporations to deliver our products and services to their patients. These contractual relationships are subject to various state laws that prohibit the practice of dentistry by lay entities or persons and are intended to prevent unlicensed persons from interfering with or influencing the orthodontist's or dentist's professional judgment. In addition, laws in various states also generally prohibit the sharing of professional services income with nonprofessional or business interests. Activities other than those directly related to the delivery of healthcare may be considered an element of the practice of dentistry in many states. Under the corporate practice of dentistry restrictions of certain states, non-clinical decisions and activities may implicate the restrictions on the

corporate practice of dentistry. Further, certain states have requirements for Dental Support Organizations, or DSOs, such as us. We have registered as a DSO in all states in which we are required to do so. We continually monitor state requirements as to what constitutes the practice of dentistry and take steps to ensure that the orthodontists and dentists who utilize our services and teledentistry platform handle all clinical aspects of their patients' care to ensure we do not violate those laws and regulations.

As a participant in the health care industry we are subject to extensive and frequently changing regulation under many other laws administered by governmental entities at the federal, state, and local levels, some of which are, and others of which may be, applicable to our business. Furthermore, our network of orthodontists and general dentists is also subject to a wide variety of laws and regulations that could affect the nature and scope of their relationships with us. Laws regulating medical device manufacturers and health care providers cover a broad array of subjects.

Several states have fraud and abuse and consumer protection laws that apply to healthcare items or services reimbursed by any third party payor, including commercial insurers, not just those reimbursed by a federally funded healthcare program, or apply regardless of payor. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. A determination of liability under such laws could result in fines and penalties and restrictions on our ability to operate in these jurisdictions.

Health information privacy and security laws

There are numerous U.S. federal and state laws and regulations related to the privacy and security of PII, including health information. Among others, the federal Health Insurance Portability and Accountability Act of 1996, as amended by HITECH, and their implementing regulations, which we collectively refer to as HIPAA, establish privacy and security standards that limit the use and disclosure of PHI and require covered entities and business associates to implement administrative, physical, and technical safeguards to ensure the confidentiality, integrity, and availability of individually identifiable health information in electronic form, among other requirements. We are regulated as a covered entity under HIPAA.

Violations of HIPAA may result in civil and criminal penalties. We must also comply with HIPAA's breach notification rule which requires notification of affected patients and HHS, and in certain cases of media outlets, in the case of a breach of unsecured PHI. The regulations also require business associates of covered entities to notify the covered entity of breaches by the business associate.

State attorneys general also have the right to prosecute HIPAA violations committed against residents of their states, and HIPAA standards have been used as the basis for the duty of care in state civil suits, such as those for negligence or recklessness in misusing personal information. In addition, HIPAA mandates that HHS conduct periodic compliance audits of HIPAA covered entities and their business associates for compliance.

Many states in which we operate and in which our patients reside also have laws that protect the privacy and security of sensitive and personal information, including health information. These laws may be similar to or even more protective than HIPAA and other federal privacy laws. For example, the laws of the State of California, in which we operate, are more restrictive than HIPAA. Where state laws are more protective than HIPAA, we must comply with the state laws we are subject to, in addition to HIPAA. California recently passed the California Consumer Privacy Act or CCPA, which will go into effect January 1, 2020. While information we maintain that is covered by HIPAA may be exempt from the CCPA, other records and information we maintain on our members may be subject to the CCPA. In certain cases, it may be necessary to modify our planned operations and procedures to comply with these more stringent state laws. Not only may some of these state laws impose fines and penalties upon violators, but also some, unlike HIPAA, may afford private rights of action to individuals who believe their personal information has been misused. In addition, state and federal privacy laws subject to frequent change.

In addition to HIPAA and state health information privacy laws, we may be subject to other state and federal privacy laws, including laws that prohibit unfair privacy and security practices and deceptive statements about privacy and security, laws that place specific requirements on certain types of activities, such as data security and texting, and laws requiring holders of personal information to maintain safeguards and to take certain actions in response to a data breach.

Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in the U.S. The E.U., for example, traditionally has imposed stricter obligations under its laws and regulations relating to privacy, data protection and consumer protection than the U.S. In May 2018, the GDPR governing data practices and privacy in the E.U., became effective and replaced the data protection laws of the individual member states. GDPR requires companies to meet stringent requirements regarding the handling of personal data of individuals in the E.U. These more stringent requirements include expanded disclosures to inform members about how we may use their personal data, increased controls on profiling members, and increased rights for members to access, control and delete their personal data. In addition, there are mandatory data breach notification requirements. The law also includes significant penalties for non-compliance, which may result in monetary penalties of up to 20 million Euros or 4% of a group's worldwide turnover, whichever is higher. GDPR and other similar regulations require companies to give specific types of notice and informed consent is required for the placement of a cookie or similar technologies on a user's device for online tracking for behavioral advertising and other purposes and for direct electronic marketing, and the GDPR also imposes additional conditions in order to satisfy such consent, such as a prohibition on pre-checked consents. It remains unclear how the U.K. data protection laws or regulations will develop in the medium to longer term and how data transfer to the U.K. from the E.U. will be regulated. Outside of the E.U., there are many countries with data protection laws, and new countries are adopting data protection legislation with increasing frequency. Many of these laws may require consent from members for the use of data for various purposes, including marketing, which may reduce our ability to market our products.

We are subject to PIPEDA and similar provincial laws in Canada. PIPEDA is the federal privacy law for private-sector organizations. It sets out the ground rules for how businesses must handle personal information in the course of commercial activity. Under PIPEDA, we must obtain an individual's consent when we collect, use or disclose that individual's personal information. Individuals have the right to access and challenge the accuracy of their personal information held by an organization, and personal information may only be used for the purposes for which it was collected. If an organization intends to use personal information for another purpose, it must again obtain that individual's consent. Failure to comply with PIPEDA could result in significant fines and penalties or possible damage awards for the tort of public humiliation.

There is no harmonized approach to these laws and regulations globally. Consequently, we increase our risk of non-compliance with applicable foreign data protection laws and regulations as we continue our international expansion. We may need to change and limit the way we use personal information in operating our business and may have difficulty maintaining a single operating model that is compliant. Compliance with such laws and regulations will result in additional costs and may necessitate changes to our business practices and divergent operating models, limit the effectiveness of our marketing activities, adversely affect our business, results of operations, and financial condition, and subject us to additional liabilities.

Environmental Matters

We have no material expenditures for compliance with Federal, State or local provisions regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment.

Legal Proceedings

In the ordinary course of conducting our business, we are involved, from time to time, in various contractual, product liability, intellectual property, and other claims and disputes incidental to our business. Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance, and it is reasonably possible that some of these matters may be decided unfavorably to us. It is the opinion of management that the ultimate liability, if any, with respect to our current litigation outstanding will not have a material adverse effect on our business, results of operations, and financial condition.

In March 2019, a final arbitration award was issued in an arbitration proceeding brought by us alleging that one of our former members, Align Technology, Inc., had violated certain restrictive covenants set forth in our operating agreement. The arbitrator ruled that Align had breached both the non-competition and confidentiality provisions of our operating agreement and that, as a result, Align was required to close its Invisalign Stores, return all of our confidential information, and sell its membership units to us or our non-Series A unitholders for an amount equal to the balance of Align's capital account as of November 2017. The arbitrator also extended the non-competition period to which Align is subject through August of 2022 and prohibited Align from using our confidential information in any manner going forward. We are paying Align $54 million, pursuant to a promissory note payable over 24 months through March 2021, in full redemption of Align's Pre-IPO Units pursuant to this ruling.

The ruling has been confirmed in its entirety in the circuit court of Cook County, Chicago, Illinois, but Align continues to object to the purchase price and repurchase documentation despite the arbitration ruling and its confirmation, and has since filed a subsequent arbitration proceeding disputing the $54 million redmption amount and seeking an additional $43 million.

We periodically receive communications from state and federal regulatory and similar agencies inquiring about the nature of our business activities, licensing of professionals providing services, and similar matters. Such matters are routinely concluded with no financial or operational impact on us. Currently there are no actions with any agency that are expected to have a material adverse effect on our business, results of operations, and financial condition.

Some state dentistry boards have established new rules or interpreted existing rules in a manner that limits or restricts our ability to conduct our business as currently conducted in other states. We have filed actions in federal court in Alabama and Georgia against the state dental boards in those states, alleging violations by the dental boards of the Sherman Act and the Commerce Clause. In addition, a national orthodontic association has filed Amicus Briefs in both the Georgia and Alabama litigations. See "*Risk Factors—Risks Related to Legal and Regulatory Matters—Our business could be adversely affected by ongoing professional and legal challenges to our business model or by new state actions restricting our ability to provide our products and services in certain states*" and "*—Regulatory Matters—State professional regulation*."

MANAGEMENT

Directors and Executive Officers

The following table sets forth the names, ages and positions of our directors and executive officers as of the date of this prospectus.

Name	Age	Position
David Katzman	59	Chief Executive Officer and Chairman
Steven Katzman	56	Chief Operating Officer and Director
Kyle Wailes	35	Chief Financial Officer
Jordan Katzman	29	Co-Founder and Director
Alexander Fenkell	30	Co-Founder and Director
Susan Greenspon Rammelt	54	General Counsel Secretary, and Director
Kay Oswald	41	President of International
Rick Schnall	49	Director
Dr. William H. Frist	67	Director
Richard F. Wallman	68	Director

David Katzman has served as our Chief Executive Officer and Chairman of our board since we were founded in 2014. Mr. Katzman is the founder and Managing Partner of Camelot Venture Group, a private investment group that invests primarily in direct-to-consumer brands, such as Quicken Loans and 1-800 Contacts. Mr. Katzman has served on the boards of several direct-to-consumer online companies, including consumer electronics company Sharper Image Online, and has previously served on the boards of diabetic supply company Simplex Healthcare, online promotions company ePrize, bedding company CleanRest, and online mortgage company Quicken Loans (as Vice Chairman). Mr. Katzman also served as Vice Chairman of the National Basketball Association's Cleveland Cavaliers and as Managing Partner of sports graphics company Fathead. Prior to founding Camelot in 1998, Mr. Katzman led a variety of consumer-oriented companies before becoming President of Home Depot S.O.C., a division of Home Depot USA specializing in the processing of special orders for Home Depot stores nationwide. We believe that Mr. Katzman is qualified to serve as a member of our board of directors due to his significant business leadership, investment, and financial experience, in particular in direct-to-consumer brands, as well as his perspective as one of our founding members and as a large stockholder.

Steven Katzman has served as our Chief Operating Officer since May 2018 and as a member of our board since 2017. Prior to becoming Chief Operating Officer, Mr. Katzman served as our Chief Financial Officer from March 2018 to May 2018. For the past ten years, Mr. Katzman has also served as an advisor to Camelot, where he provides strategic overview across all portfolio companies and opportunities. Mr. Katzman also co-founded and serves as Chief Executive Officer of Steve's Blinds & Wallpaper, a family-owned, direct-to-consumer e-commerce business selling custom made blinds and wallpaper. Prior to these positions, Mr. Katzman served for nearly 20 years as Chief Executive Officer and President of American Blind and Wallpaper Factory and its related family of direct-to-consumer custom home decor companies. We believe that Mr. Katzman is qualified to serve as a member of our board of directors due to his significant business leadership, investment, and financial experience, in particular in direct-to-consumer brands, as well as his perspective as a stockholder.

Kyle Wailes has served as our Chief Financial Officer since May 2018. Prior to joining SmileDirectClub, Mr. Wailes was with Intermedix, a leading provider of technology-enabled revenue cycle and practice management solutions for health care providers, where he served in different financial capacities beginning in 2012, including as Vice President of Strategy, Business Development and Analytics from 2012-2013, Senior Vice President from 2013-2015, Executive Vice President from 2015-2017, and Chief Financial Officer from 2017 to 2018. Prior to joining Intermedix, Mr. Wailes was a member in the health care investment banking division at Citigroup, focusing on health care services and health care information

technology companies. Prior to that, Mr. Wailes was an Associate with Altaris Capital Partners, a private equity investment firm focused on the healthcare industry. Mr. Wailes started his career with Thomas Weisel Partners in the healthcare investment banking group. Mr. Wailes graduated from Brown University with a degree in pre-medicine and neuroscience and holds an M.B.A. from the Kellogg School of Management at Northwestern University.

Jordan Katzman is our co-founder and has served as a member of our board since inception. Mr. Katzman first gained critical online e-commerce experience co-founding two technology companies with Mr. Fenkell, Illinoisrenewal.org and Want, before shifting to the direct-to-consumer strategy model via SmileDirectClub. We believe that Mr. Katzman is qualified to serve as a member of our board of directors due to the perspective and experience he brings as our co-founder and as a large stockholder, as well as his business experience.

Alexander Fenkell is our co-founder and has served as a member of our board since inception. Mr. Fenkell first gained critical online e-commerce experience co-founding two technology companies with Mr. Jordan Katzman, Illinoisrenewal.org and Want, before shifting to the direct-to-consumer strategy model via SmileDirectClub. We believe that Mr. Fenkell is qualified to serve as a member of our board of directors due to the perspective and experience he brings as our co-founder and as a large stockholder, as well as his business experience.

Susan Greenspon Rammelt has served as our General Counsel since April 2018, our Secretary since March 2019, and a member of our board since August 2019. Ms. Greenspon Rammelt has also served as General Counsel of Camelot since April 2018. Prior to joining SmileDirectClub, Ms. Greenspon Rammelt was a corporate law partner at Foley & Lardner LLP since 2017, where she represented domestic and international enterprises. Prior to that, Ms. Greenspon Rammelt was a partner at Dentons US LLP. Ms. Greenspon Rammelt has over 30 years of experience as a corporate attorney, focusing on mergers and acquisitions, financings, restructurings, corporate governance, and general corporate counseling, particularly in the retail and beauty industries.

Kay Oswald has served as our President of International since November 2018. Prior to joining SmileDirectClub, Mr. Oswald served in different regional and global executive roles with Whirlpool Corporation, including as Category Leader Europe, Middle East and Africa from 2010-2013, Global Business Unit Director Health & Nutrition at KitchenAid from 2013-2015, and most recently as General Manager Asia-Pacific at KitchenAid. Prior to joining Whirlpool, Mr. Oswald held various marketing and commercial roles across Europe with Philips Consumer Lifestyle.

Rick Schnall has been a member of our board since August 2018. Ms. Schnall has been with private equity firm Clayton, Dubilier & Rice for over 22 years, where he has been a financial partner since 2001 and serves on the Investment and Management Committees. Mr. Schnall currently serves on the boards of several health-related companies, including agilon health, Carestream Dental, Drive DeVilbiss Healthcare, Healogics, and naviHealth, and has previously served on the boards of several other companies. Previously, Mr. Schnall worked in the investment banking divisions of Smith Barney & Co. and Donaldson, Lufkin & Jenrette. We believe that Mr. Schnall is qualified to serve as a member of our board of directors due to his extensive experience with health-related and other companies, as well as his strong financial and investing experience.

Senator William H. Frist, M.D. is expected to join our board of directors upon consummation of this offering. Dr. Frist is a heart and lung transplant surgeon, former U.S. Senator from Tennessee (1995-2007), and former Majority Leader of the U.S. Senate. He has been a partner at Cressey & Company, L.P., a private health services investment firm, since 2007, and is the founding partner of Frist Cressey Ventures. He is Co-Chair of the Health Project at the Bipartisan Policy Center. Dr. Frist also serves on the boards of the Robert Wood Johnson Foundation, The Nature Conservancy, and three publicly traded companies: AECOM, Teladoc Health, Inc., and Select Medical Holdings Corporation. Dr. Frist's qualifications to

serve on our board of directors include his significant public company director experience, his financial experience and expertise and his health services experience and expertise.

Richard F. Wallman is expected to join our board of directors upon consummation of this offering. From 1995 through his retirement in 2003, Mr. Wallman served as Senior Vice President and Chief Financial Officer of Honeywell International, Inc., a diversified technology company, and AlliedSignal, Inc., a diversified technology company (prior to its merger with Honeywell International, Inc.). Prior to joining AlliedSignal, Inc., Mr. Wallman served as Controller of International Business Machines Corporation. Mr. Wallman serves on the board of directors of Wright Medical, Inc., Charles River Laboratories International, Inc., Extended Stay America, Inc., Roper Technologies, Inc., all publicly traded companies in the United States, and Boart Longyear, a publicly traded company in Australia. Mr. Wallman previously served on the board of directors of Convergys Corporation and ESH Hospitality, Inc., all publicly traded companies. Mr. Wallman's qualifications to serve on our board of directors include his prior public company experience, including as Chief Financial Officer of Honeywell, his significant public company director experience, and his financial experience and expertise.

Election of Officers

Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly appointed or until his or her earlier resignation or removal. Jordan Katzman is David Katzman's son, and Steven Katzman is David Katzman's brother. There are no other family relationships among any of our directors or executive officers.

Composition of the Board of Directors

Our business and affairs are managed under the direction of our board of directors. Following the completion of this offering, we expect our board of directors to initially consist of eight directors, of whom Mr. Schnall, Dr. Frist, and Mr. Wallman will be independent. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor or until his or her earlier death, resignation, or removal. The authorized number of directors may be changed by resolution of our board of directors. Vacancies on our board of directors can be filled by resolution of our board of directors.

Upon the consummation of this offering, our board of directors will be divided into three classes, each serving staggered, three-year terms:

- our Class I directors will be Ms. Greenspon Rammelt, Mr. D. Katzman, and Mr. Schnall, and their terms will expire at the first annual meeting of stockholders following the date of this prospectus;
- our Class II directors will be Mr. Fenkell, Dr. Frist, and Mr. Wallman, and their terms will expire at the second annual meeting of stockholders following the date of this prospectus; and
- our Class III directors will be Mr. J. Katzman and Mr. S. Katzman, and their terms will expire at the third annual meeting of stockholders following the date of this prospectus.

As a result, only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms.

Background and Experience of Directors

Upon completion of this offering, our nominating and corporate governance committee will be responsible for reviewing with our board of directors, on an annual basis, the appropriate characteristics, skills, and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board

of directors, in approving (and, in the case of vacancies, appointing) such candidates, will take into account many factors, including the following:

- personal and professional integrity;
- ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the industries in which we compete;
- experience as a board member or executive officer of another publicly held company;
- diversity of background and expertise and experience in substantive matters pertaining to our business relative to other board members;
- conflicts of interest; and
- practical and mature business judgment.

Controlled Company Exception

In connection with the Reorganization Transactions and prior to the consummation of the offering, the Voting Group will enter into the Voting Agreement, pursuant to which the Voting Group will give David Katzman, our Chairman and Chief Executive Officer, sole voting, but not dispositive, power over the shares of our Class A and Class B common stock beneficially owned by the Voting Group. See "*Certain Relationships and Related Party Transactions—Voting Agreement*." As a result, because more than 50% of the voting power in the election of our directors will be held by an individual, group, or another company, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ. As a controlled company, we may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of our Class A common stock: (1) a majority of our board of directors consists of "independent directors," as defined under the rules of such exchange, (2) our board of directors has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (3) our board of directors has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. For at least some period following this offering, we intend to utilize these exemptions. As a result, immediately following this offering we do not expect that the majority of our directors will be independent or that, other than the audit committee, any committees of our board of directors will be composed entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. In the event that we cease to be a "controlled company" and our Class A common stock continues to be listed on NASDAQ, we will be required to comply with these provisions within the applicable transition periods.

Board Committees

Our board of directors has established an audit committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Our board of directors may also establish from time to time any other committees that it deems necessary or desirable. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit committee

Our audit committee will consist of Mr. Wallman, Dr. Frist, and Mr. Schnall, with Mr. Wallman serving as chair. Our audit committee will be responsible for, among other things:

- selecting and hiring our independent auditors, and approving the audit and non-audit services to be performed by our independent auditors;
- assisting the board of directors in evaluating the qualifications, performance, and independence of our independent auditors;
- assisting the board of directors in monitoring the quality and integrity of our financial statements and our accounting and financial reporting;
- assisting the board of directors in monitoring our compliance with legal and regulatory requirements;
- reviewing with management and our independent auditors the adequacy and effectiveness of our internal control over financial reporting processes;
- assisting the board of directors in monitoring the performance of our internal audit function;
- reviewing with management and our independent auditors our annual and quarterly financial statements;
- reviewing and overseeing all transactions between us and a related person for which review or oversight is required by applicable law or that are required to be disclosed in our financial statements or SEC filings, and developing policies and procedures for the committee's review, approval and/or ratification of such transactions;
- establishing procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and
- preparing the audit committee report that the rules and regulations of the SEC require to be included in our annual proxy statement.

The SEC rules and the NASDAQ rules require us to have one independent audit committee member upon the listing of our Class A common stock on NASDAQ, a majority of independent directors within 90 days of the effective date of the registration statement, and all independent audit committee members within one year of the effective date of the registration statement. Mr. Wallman, Dr. Frist, and Mr. Schnall each qualify as an independent director under the corporate governance standards of NASDAQ and the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Compensation committee

Upon completion of this offering, we expect our compensation committee will consist of Mr. D. Katzman, Mr. Fenkell, and Mr. Wallman, with Mr. Katzman serving as chair. The compensation committee will be responsible for, among other things:

- reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluating our Chief Executive Officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board of directors), determining and approving our Chief Executive Officer's compensation level based on such evaluation;

- reviewing and approving, or making recommendations to the board of directors with respect to, the compensation of our other executive officers, including annual base salary, bonus and equity-based incentives, and other benefits;
- reviewing and recommending to the board of directors the compensation of our directors;
- reviewing and discussing with management our "Compensation Discussion and Analysis" disclosure required by SEC rules;
- preparing the compensation committee report required by the SEC to be included in our annual proxy statement; and
- reviewing and making recommendations with respect to our equity and equity-based compensation plans.

Nominating and corporate governance committee

Our nominating and corporate governance committee will consist of Mr. S. Katzman, Dr. Frist, and Mr. D. Katzman, with Mr. S. Katzman serving as chair. The nominating and corporate governance committee will be responsible for, among other things:

- assisting our board of directors in identifying prospective director nominees and recommending nominees to the board of directors;
- overseeing the evaluation of the board of directors and management;
- reviewing developments in corporate governance practices and developing and recommending a set of corporate governance guidelines; and
- recommending members for each committee of our board of directors.

Compensation Committee Interlocks and Insider Participation

Decisions regarding the compensation of our executive officers have historically been made by a compensation committee of our board. Mr. David Katzman, who is our Chief Executive Officer, and Mr. Steven Katzman, who is our Chief Operating Officer, generally participate in discussions and deliberations of the board regarding executive compensation.

Upon completion of this offering, the members of our compensation committee will be Mr. D. Katzman, Dr. Frist, and Mr. Wallman. None of the members of our compensation committee will have at any time been one of our executive officers or employees.

None of our executive officers currently serves, or has served during the last completed fiscal year, as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Ethics

We will adopt a new Code of Business Conduct and Ethics that applies to all of our officers, directors, and employees, including our principal executive officer, principal financial officer, principal accounting officer, and controller, or persons performing similar functions, which will be posted on our website. Our Code of Business Conduct and Ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our website. The information contained in, or that can be accessed through, our website is not incorporated by reference and is not part of this prospectus.

EXECUTIVE AND DIRECTOR COMPENSATION

Introduction

This section discusses the compensation awarded to, earned by, or paid to the following three executive officers, who we have determined to be our named executive officers ("NEOs") for 2018. For 2018, our NEOs are our Chief Executive Officer and our next two most highly compensated executive officers other than our Chief Executive Officer who were serving as executive officers as of December 31, 2018.

Named Executive Officers for 2018

David Katzman—Chief Executive Officer
Steven Katzman—Chief Operating Officer
Susan Greenspon Rammelt—General Counsel

Prior to this offering, our board of directors was responsible for reviewing our executive compensation program and determining the compensation of our NEOs. Following this offering, the compensation committee will be responsible for reviewing our executive compensation program and determining the compensation of our NEOs, including setting base salaries, approving corporate goals and objectives relating to the compensation of our NEOs, evaluating their performance in light of those objectives, and determining and approving their compensation, including equity-based compensation awards, as well as determining compensation policies for our other executive officers. Following this offering, the compensation committee will develop and maintain a compensation framework that is appropriate and competitive for a public company and may establish executive compensation objectives and programs that are different from those currently in place.

Our Executive Compensation Program

For 2018, our executive compensation program was structured to drive performance, with a particular focus on long-term results. Our board of directors utilized traditional elements of compensation that reflect our company's overall success, including base salary, annual cash incentives and equity-based incentives. We believe that our executive compensation program promotes the success of our company and leads to better financial results, which, in turn, results in better returns for our stockholders.

We have engaged Camelot Venture Group, or Camelot, to provide management services, including the services of our NEOs. David Katzman's services are governed by agreement with Camelot, while the services of Steven Katzman and Susan Greenspon Rammelt are governed by that certain Management Agreement, dated as of January 1, 2015, and amended from time to time (the "Management Agreement"), between us and Camelot. The Management Agreement provides for the compensation allocable to Steven Katzman and Susan Greenspon Rammelt (as detailed below in the Summary Compensation Table), in addition to several other individuals providing management services to us.

Philosophy and Objectives of Our Executive Compensation Program

The fundamental principles followed by our board of directors in designing and implementing compensation programs for the NEOs are to:

1. support our core values, strategic mission, and vision;
2. align, to an appropriate extent, the interests of our executive officers with those of our stockholders;
3. attract, motivate, and retain highly skilled executive officers with the business experience and acumen necessary for achieving our long-term business objectives; and
4. link executive officer pay to short-term and long-term company performance.

Our board of directors aims to provide a total compensation package that is comparable to that of other similar companies in the geographic area in which our NEOs are located. Our board of directors relies on various sources of compensation information to assess the competitiveness of our executive compensation program, including purchased competitive surveys, with data specific to the high growth medtech and direct-to-consumer industry for companies of similar revenue, employee population, and location. As part of this process, we measure the competitiveness of our executive compensation program by comparing a market midpoint developed from the relevant market data against actual pay levels for each executive officer position. We also review the mix of our compensation components with respect to fixed versus variable, short-term versus long-term, and cash versus equity-based pay. This information is then presented to our board of directors for its review and use.

Process For Determining Executive Compensation

Board of directors: Our board of directors reviews our executive compensation program and determines the compensation of our NEOs. Following this offering, we will have a Compensation Committee which will be tasked with, among other things, determining, in consultation with the Chairman and Chief Executive Officer, the compensation of our NEOs.

Benchmarking and independent compensation consultant: Our board of directors did not identify a specific peer group of companies or engage a compensation consultant with respect to the compensation of our NEOs for 2018. In connection with this offering we are considering engaging a compensation consultant to advise us with respect to the compensation of our NEOs. Following this offering, we may continue to engage this compensation consultant or a different compensation consultant to assist in developing a compensation framework that is appropriate and competitive for a public company, which may lead to the establishment of executive compensation objectives and programs that are different from those currently in place.

Elements of Compensation

For 2018, the compensation that we paid to our NEOs consisted primarily of base salary and short-term and long-term incentive opportunities, as described more fully below. In addition, our NEOs are eligible for participation in Camelot's welfare benefit plans, and we reimburse Camelot for providing our NEOs with certain welfare benefits and perquisites.

Base salary

Base salary represents the fixed portion of each NEO's compensation and is intended to provide compensation for expected day-to-day performance. 2018 annual base salary rates for Mr. S. Katzman and Ms. Greenspon Rammelt were $300,000 (increased to $, as described below) and $, respectively, which became effective January 1, 2018, for Mr. S. Katzman, and April 6, 2018, for Ms. Greenspon Rammelt. The following table sets forth the current annual base salaries for each of our named executive officers, effective as of July 30, 2018, for Mr. S. Katzman, and February 25, 2019, for Ms. Greenspon Rammelt, which included a raise of $. Such 2019 base salary rates were determined in consultation with our board of directors.

NEO	2019 Annual Base Salary
David Katzman	
Steven Katzman	$
Susan Greenspon Rammelt	$

Mr. David Katzman provides services to several entities on behalf of Camelot, including us, for which Camelot compensates him, but not on a per-entity basis. As such, there is no discernable amount of compensation paid to Mr. D. Katzman for the discrete services he provides to us.

Short-term incentive compensation

In 2018, our NEOs participated in an annual bonus program under which each of the NEOs was eligible to receive an annual cash performance bonus based upon company performance and each NEO's individual performance and contribution to our success, as determined by our board of directors. The target and maximum bonus levels for each of our NEOs for 2018 were (we do not provide threshold bonus levels for our annual bonus program):

NEO	Target Annual Bonus (% of annual base salary)	Maximum Annual Bonus (% of annual base salary)
David Katzman	N/A	N/A
Steven Katzman	50%	50%
Susan Greenspon Rammelt	100%	100%

In 2019, our board of directors performed a comprehensive review of SmileDirectClub and individual performance for 2018 in connection with its determination of annual cash performance bonuses for our NEOs. Our annual bonus program is not based on any predetermined metrics, but instead was based on an evaluation of Company and individual performance in 2018, and included factors such as operational performance, the achievement of both individual goals and Company initiatives, and further development of our strategic plan.

Based on this evaluation our board of directors determined that Mr. S. Katzman met expectations on the factors noted above, and correspondingly approved annual cash bonuses. The actual annual cash performance bonuses paid to our NEOs for 2018 performance are set forth in the column entitled "Bonus" in the Summary Compensation Table below. In 2018, Ms. Greenspon Rammelt's bonus was guaranteed at target level.

In 2019, our NEOs will again participate in an annual bonus program under which each of the NEOs will be eligible to receive an annual cash performance bonus based upon Company performance and each NEO's individual performance and contribution to our success. The target and maximum bonus levels for each of our NEOs for 2019 are as follows (we do not provide threshold bonus levels for our annual bonus program):

NEO	Target Annual Bonus (% of annual base salary)	Maximum Annual Bonus (% of annual base salary)
David Katzman	N/A	N/A
Steven Katzman	50%	50%
Susan Greenspon Rammelt	100%	100%

Equity-based compensation

On March 31, 2017, we granted 2,191 units in SDC Financial to Mr. S. Katzman, pursuant to a Restricted Unit Grant Agreement, to provide Mr. S. Katzman with an opportunity to share in the long-term success of SDC Financial. The units represent a profits interest in SDC Financial that allows him to share in our profits. To align Mr. S. Katzman's interests with our long-term interests, such units are subject to monthly vesting over the course of 60 months provided the NEO continues to provide services to us or for our benefit through each such vesting date. In addition, no distribution of profits will be made until a distribution threshold of $500 million distributed to the other members of SDC Financial is met.

On April, 15, 2018, we granted 108 units in SDC Financial to Ms. Greenspon Rammelt, pursuant to a Restricted Unit Grant Agreement, to provide Ms. Greenspon Rammelt with an opportunity to share in the long-term success of SDC Financial. The units represent a profits interest in SDC Financial that allows her to share in our profits. To align Ms. Greenspon Rammelt's interests with our long-term interests, such units are subject to annual 20% vesting over the course of five years provided the NEO continues to provide

services to us or for our benefit through each such vesting date. In addition, no distribution of profits will be made until a distribution threshold of $1 billion distributed to the other members of SDC Financial is met.

On July 19, 2019, we amended both grants to provide partial accelerated vesting immediately prior to the closing of an initial public offering, including this offering. Immediately prior to the closing of this offering, both will be deemed to have vested in 60% of their respective grants with the remaining 40% of the grant vesting in monthly installments on a pro rata basis following the closing date of the offering and ending 24 months thereafter, subject to each of them continuing to provide services to us through each applicable vesting date.

The grant-date value of the awards are found in the column entitled "Stock Awards" in the Summary Compensation Table below.

Kyle Wailes, our CFO, entered into an IBA under which he will be entitled to a payment of $ million, 60% of which vests upon the consummation of this offering and 40% of which will vest on a monthly basis over the next 24 months. The amount payable will be paid in cash and/or shares of Class A common stock.

All other compensation

401(k) plan: Camelot participates in a 401(k) retirement savings plan (the "401(k) plan"). Under the 401(k) plan, participants, including our NEOs, who satisfy certain eligibility requirements may defer a portion of their compensation, within prescribed tax code limits, on a pre-tax basis through contributions to the 401(k) plan. For 2017 and 2018, we reimbursed Camelot for contributing certain amounts to the NEOs' 401(k) accounts, as detailed in the column entitled "All Other Compensation" in the Summary Compensation Table below. These contributions are fully vested when made.

Travel expenses: In addition, we provide certain reimbursements for our NEOs' expenses relating to commuting between their residences and our Nashville, Tennessee headquarters, the use of apartments, certain meals, rental cars, and other expenses while in Tennessee. For the year ended December 31, 2018, we paid $419,000 for commuting expenses, including use of a private plane.

Anticipated Equity Compensation Additions to Our Compensation Program Following the Offering

In connection with this offering, we have adopted the SmileDirectClub, Inc. 2019 Omnibus Incentive Plan (the "Omnibus Plan") and the SmileDirectClub, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"). The following are summaries of the material terms of the Omnibus Plan and ESPP and are qualified in their entirety by reference to the Omnibus Plan and ESPP, each of which are filed as exhibits to the registration statement of which this prospectus forms a part.

2019 Omnibus Incentive Plan

On , our board of directors adopted our Omnibus Plan, which was subsequently approved by our stockholders on . No awards may be granted under our Omnibus Plan prior to the completion of this offering. Our Omnibus Plan will terminate on , unless terminated earlier by our board of directors. Our Omnibus Plan allows for the grant of incentive stock options to employees, including the employees of any subsidiary, and for the grant of nonstatutory stock options, restricted stock awards, RSUs and other equity-based or cash-based awards to employees, directors, and consultants, including employees and consultants of any parent, subsidiary or affiliate.

Authorized shares: The maximum number of shares of our Class A common stock that may be issued under our Omnibus Plan is equal to shares of the authorized, issued and outstanding shares of our Class A common stock as of the date our board of directors adopted our Omnibus Plan. The maximum number of shares of our Class A common stock that may be issued on the exercise of incentive stock

options under our Omnibus Plan is also shares of such maximum number of shares issuable under the Omnibus Plan. Shares subject to awards granted under our Omnibus Plan that expire, are forfeited, are retained by us in order to satisfy any exercise price or any tax withholding, are repurchased by the company at their original purchase price or are settled in cash do not reduce the number of shares available for issuance under our Omnibus Plan. Further, shares of our Class A common stock covered by awards granted in connection with the assumption, replacement, conversion or adjustment of outstanding equity-based awards in the context of a corporate acquisition or merger shall not reduce the number of shares available for issuance under our Omnibus Plan.

In addition, the number of shares of our Class A common stock reserved for issuance under our Omnibus Plan will automatically increase on the first day of each fiscal year, commencing on January 1, 2020, and ending on (and including) January 1, 2029, in an amount equal to 5% of the total number of shares of our Class A common stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by our board of directors.

Non-employee director compensation limit: The maximum number of shares of our Class A common stock subject to stock awards (and of cash subject to cash-based awards) granted under the Omnibus Plan or otherwise during any one calendar year to any non-employee director, taken together with any cash fees paid by us to such non-employee director during such calendar year for service on our board of directors, will not exceed $750,000 in total value; provided, however, that such maximum will instead be $1,500,000 for the first year in which a non-employee director serves on our board of directors (or the second year, if such non-employee director does not receive any awards under the Omnibus Plan during the first year).

Plan administration: Our board of directors or the compensation committee of our board of directors, acting as the plan administrator, administers our Omnibus Plan and the awards granted under it. The plan administrator may also delegate to one or more of our officers the authority to make awards under the Omnibus Plan to employees (other than officers) and consultants, and to otherwise administer the Omnibus Plan, within parameters specified by the plan administrator. Under our Omnibus Plan, the plan administrator has the authority to determine and amend the terms of awards and the applicable award agreements, including:

- selecting the employees, consultants or directors to receive such awards;
- determining the fair market value of shares of our Class A common stock underlying such awards and setting the exercise or purchase price of such awards, if any;
- setting the number of shares or amount of cash subject to each such award;
- determining the vesting conditions applicable to each such award, and providing for the acceleration of awards in its discretion;
- providing for the accrual of dividends or dividend equivalents on awards (provided that no payment in respect thereof may be made prior to the vesting of an award);
- determining whether all or a portion of an equity-based award should be settled in cash instead of in shares of our Class A common stock; and
- amending the terms of outstanding awards, with the consent of any recipient whose rights would be materially and adversely affected by such amendment, including adjusting the vesting of an award, reducing the exercise price of a stock option or canceling stock options in exchange for stock options with a lower exercise price, restricted stock awards, RSUs, cash or other property.

Stock options: Incentive stock options and nonstatutory stock options are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the Omnibus Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our Class A common stock on

the date of grant. Options granted under the Omnibus Plan vest based on vesting criteria specified in the stock option agreement as determined by the plan administrator.

Restricted stock unit awards: RSUs are granted under restricted stock unit award agreements adopted by the plan administrator. An RSU may be settled by cash, delivery of stock or a combination of cash and stock as deemed appropriate by the plan administrator. Additionally, dividend equivalents may be credited in respect of shares covered by an RSU. RSUs granted under the Omnibus Plan vest based on vesting criteria specified in the restricted stock unit award agreement as determined by the plan administrator.

Restricted stock awards: Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for services or may be offered by the plan administrator for purchase. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Class A common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right (at the original purchase price).

Other awards: The plan administrator may grant other cash-based, equity-based or equity related awards. The plan administrator will set the number of shares or the amount of cash under the award and all other terms and conditions of such awards. Such other awards granted under the Omnibus Plan vest based on vesting criteria specified in the award agreement as determined by the plan administrator.

Changes to capital structure: In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split or recapitalization, proportionate adjustments will be made to (1) the number and class of shares available for issuance under the Omnibus Plan (including pursuant to incentive stock options), and (2) the number and class of shares, and the exercise price, strike price or repurchase price, if applicable, of all outstanding awards.

Corporate transactions: Our Omnibus Plan provides that in the event of certain specified significant corporate transactions, generally including (i) a sale of all or substantially all of our assets, (ii) a merger, consolidation or other similar transaction of the company with or into another entity or (iii) a person or group becoming the beneficial owner of more than 50% of our then outstanding voting power (subject to certain exclusions), each outstanding award will be treated as the plan administrator determines. Such determination may, without limitation, provide for one or more of the following: (A) the assumption, continuation or substitution of such outstanding awards by the company, the surviving corporation or its parent, (B) the cancellation of such awards in exchange for a payment to the recipients equal to the excess of the fair market value of the shares subject to such awards over the exercise price of such awards (if any) or (C) the cancellation of any outstanding awards for no consideration. The plan administrator is not obligated to treat all awards (or portions thereof), even those that are of the same type, or all recipients, in the same manner and is not obligated to obtain the consent of any recipient to effectuate the treatment described above.

Transferability: Under our Omnibus Plan, awards are generally not transferable (other than by will or the laws of descent and distribution), except as otherwise provided under our Omnibus Plan or the applicable award agreements.

Plan amendment or termination: Our board of directors has the authority to amend or terminate our Omnibus Plan, although certain material amendments would require the approval of our stockholders, and amendments that would materially and adversely affect the rights of any recipient would require the consent of such recipient with respect to his or her awards.

Employee Stock Purchase Plan

On , our board of directors adopted our ESPP, which was subsequently approved by our sole stockholder on . No awards may be granted under our ESPP prior to the completion of this offering. The ESPP permits our employees to contribute up to a specified percentage of base salary and commissions to purchase our shares at a discount. Our ESPP will terminate on , unless terminated earlier by our board of directors. The purpose of the ESPP is to facilitate our employees' participation in the ownership and economic progress of SmileDirectClub by providing our employees with an opportunity to purchase shares of our common stock.

Authorized shares: Subject to adjustment, shares of our common stock are available for sale under the ESPP. A participant may not purchase more than a maximum of $25,000 worth of shares of our common stock during any single offering period (calculated based on the closing price of shares on the first date of the offering period).

In addition, the number of shares of our common stock reserved for issuance under our ESPP will automatically increase on the first day of each fiscal year, commencing on January 1, 2020, and ending on (and including) January 1, 2029, in an amount equal to 1% of the total number of shares of our common stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by our board of directors.

Administration: Our board of directors or a committee of members of the board will administer the ESPP and will have full and exclusive authority to:

- construe, interpret and apply the terms of the ESPP;
- determine eligibility (subject to Section 423 of the Internal Revenue Code); and
- adjudicate all disputed claims filed under the ESPP.

Eligibility: Our employees who are employed on the first day of any offering period may participate in the ESPP, excluding employees who (i) have not been regular employees for, at least, 6 months prior to the offering period, (ii) are customarily employed 20 hours or less per week, or (iii) are customarily employed not more than 5 months in any calendar year. In addition, no employee will be eligible to participate in the ESPP if, immediately after the grant of an option to purchase shares under the ESPP, that employee would own 5% of the total combined voting power or value of all classes of our common stock. In addition, employees who are citizens or residents of a foreign jurisdiction will be prohibited from participating in the ESPP if the grant of an option to such employees would be prohibited under the laws of such foreign jurisdiction or if compliance with the laws of such foreign jurisdiction would cause the ESPP to violate the requirements of Section 423 of the Internal Revenue Code.

Participation: In order to participate in the ESPP, an employee who is eligible at the beginning of an offering period will authorize payroll deductions of up to 30% of base salary and commissions on an after-tax basis for each pay date during the offering period. A participant may not make any separate cash payment into his or her account, but may alter the amount of his or her payroll deductions during an offering period and may withdraw from participation.

No participant may accrue options to purchase shares of our common stock at a rate that exceeds $25,000 in fair market value of our stock (determined as of the first day of the offering period during which such rights are granted) for each calendar year in which such rights are outstanding at any time.

Offering Periods: The ESPP provides for offering periods every six months, with purchases being made on the last trading day of each offering period. The initial offering period under the ESPP will commence on the effective date of this offering and will terminate approximately 6 months later.

Purchases: On the last day of an offering period, also referred to as the exercise date, a participant's accumulated payroll deductions are used to purchase shares of our common stock. The maximum number of full shares subject to option shall be purchased for such participant at the applicable purchase price with the accumulated payroll deductions (and contributions) in his or her account.

Participants are not entitled to any dividends or voting rights with respect to options to purchase shares of our common stock under the ESPP. Shares received upon exercise of an option shall be entitled to receive dividends on the same basis as other outstanding shares of our common stock.

Withdrawal and termination of employment: A participant can withdraw all, but not less than all, of the payroll deductions and other contributions credited to his or her account for the applicable offering period by delivery of notice prior to the exercise date for such offering period. If a participant's employment is terminated on or before the exercise date (including due to retirement or death), the participant will be deemed to have elected to withdraw from the ESPP, and the accumulated payroll deductions held in the participant's account will be returned to the participant or his or her beneficiary (in the event of the participant's death).

Adjustments upon changes in capitalization and certain transactions: In the event of a merger, reorganization, consolidation, recapitalization, dividend or distribution, stock split, reverse stock split, spin-off or other similar transaction or other change in corporate structure affecting shares of our common stock or their value, our board of directors, in its sole discretion, is authorized to take action to:

- terminate outstanding options in exchange for an amount of cash equal to the amount that would have been obtained if such options were currently exercisable;
- provide for the assumption of outstanding options by a successor or survivor corporation (or a parent or subsidiary) or the substitution of similar rights covering such successor or survivor (or a parent or subsidiary);
- make adjustments to the number and type of common stock subject to outstanding options under the ESPP or to the terms and conditions of outstanding options and options which may be granted in the future; and/or
- shorten the offering period then in progress and set as the new exercise date the date immediately prior to the date of any transaction or event described above and provide for necessary procedures to effectuate such actions.

Amendment and termination: Our Board of Directors may amend, alter, suspend, discontinue or terminate the ESPP at any time and for any reason, except that our Board of Directors may not, without shareholder approval, increase the maximum number of shares of common stock that may be issued under the ESPP (except pursuant to or in connection with a change in capitalization or other transaction summarized above). Except as required to comply with Section 423 of the Internal Revenue Code, as required to obtain a favorable tax ruling from the Internal Revenue Service, or as specifically provided in the ESPP, no such amendment, alteration, suspension, discontinuation or termination of the ESPP may be made to an outstanding option which adversely affects the rights of any participant without the consent of such participant.

U.S. federal income tax consequences: The ESPP and the options to purchase shares of our common stock granted to participants under the ESPP are intended to qualify under the provisions of Sections 421 and 423 of the Internal Revenue Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the ESPP are sold or otherwise disposed of. Upon a sale or other disposition of the shares, the participant's tax consequences will generally depend upon his or her holding period with respect to the shares. If the shares are sold or disposed of more than two years after the first day of the relevant offering period and one year after the date of acquisition of the shares, the participant will recognize ordinary income equal to the lesser of (1) an amount equal to 15% of the fair market value

of the shares as of the date of option grant or (2) the excess of the fair market value of the shares at the time of such sale or disposition over the exercise price of the option. Any additional gain on such sale or disposition will be treated as long-term capital gain. We are generally not allowed a tax deduction for such ordinary income or capital gain.

If shares are disposed of before the expiration of these holding periods, the difference between the fair market value of such shares at the time of purchase and the exercise price will be treated as income taxable to the participant at ordinary income rates in the year in which the sale or disposition occurs, and we will generally be entitled to a tax deduction in the same amount in such year.

Change in Control Severance Agreements

We have entered into certain Change In Control Severance Agreements with the individual NEOs whereby each is entitled to certain payments, rights and benefits in connection with a termination of employment by us without Cause or by the NEO for Good Reason (both as defined below). To qualify for any benefits under such agreement the termination of employment must occur within the time period beginning three months before and ending twelve months following a change in control, and the NEO must execute, deliver to us and not revoke a release of claims. If the NEO complies with the applicable requirements, the NEO will be entitled to the following accrued benefits:

- any earned but unpaid base salary through the date of termination of employment;
- any accrued but unused vacation pay through the date of termination of employment;
- any unreimbursed expenses incurred by the NEO through the date of termination; and
- such fully vested and non-forfeitable employee benefits, if any, to which the NEO may be entitled under our employee benefit plans.

In addition, the NEO will be entitled to the following severance benefits:

- a lump-sum severance payment in an amount equal to (x) 18-24 months of the NEO's annual then-current base salary and (y) 100% of the NEO's annual target bonus;
- if the NEO participates in our medical plans and elects to continue to receive group health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), we will either directly pay or reimburse the NEO for all monthly COBRA premiums, whether monthly or in a lump-sum cash payment, at our sole discretion, incurred by the NEO on behalf of both the NEO and such NEO's dependents for a period of 18-24 months;
- in the event that the NEOs equity awards that vest solely based on time are not assumed, converted or replaced, full vesting acceleration for such awards;
- in the event that the NEO's equity awards that have performance-based vesting requirements are not assumed, converted or replaced where the performance goals have been determined to be achieved in whole or in part as of the termination date and that remain subject to time-based vesting, full vesting acceleration for such awards;

In the event that the NEO's equity awards that have performance-based vesting requirements are not assumed, converted or replaced where the performance goals have not yet been determined to be achieved as of the termination date, a pro rata portion of the award shall be determined to be earned and vested based on our actual performance against the applicable performance goals through the date of the consummation of the change in control and the number of days that have elapsed in the performance period through the change in control.

The individual agreements define "Cause" as follows: "'Cause' for termination of the Participant's Continuous Service Status will exist if the Participant's Continuous Service Status is terminated for any of

the following reasons: (i) Participant's willful failure to perform his or her duties and responsibilities to the Company or Participant's violation of any written Company policy; (ii) Participant's commission of any act of fraud, embezzlement or dishonesty, or any other misconduct that has caused or is reasonably expected to result in injury to the Company (including, for the avoidance of doubt, reputational harm); (iii) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; (iv) Participant's material breach of any of his or her obligations under any written agreement or covenant with the Company; (v) Participant's commission of a felony or other crime involving moral turpitude; or (vi) Participant's gross negligence in connection with his or her performance of services. The determination as to whether a Participant's Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time."

The individual agreements define "Good Reason" as follows: "'Good Reason' means the occurrence, without the Participant's written consent, of any one or more of the following events or circumstances: (i) the Participant's duties or responsibilities are materially diminished in a manner which is inconsistent with the provisions of this Agreement; (ii) the Participant ceases to hold a position of like status to that under this Agreement; (iii) any fundamental term of this Agreement is breached other than by the Participant; (iv) the Participant's annual base salary, annual target bonus or other Participant benefits are materially reduced, except where such reduction is expressly permitted under the terms of this Agreement or where a similar reduction is applied generally across the senior management team; or (v) the Participant is required to relocate the Participant's principal place of employment more than 50 miles from the Participant's normal place of work unless the Participant's principal place of employment is brought within 50 miles (whether by distance or commuting time) of the Participant's home residence by such relocation; provided, that (A) the Participant provides the Company with Notice stating clearly the event or circumstance that constitutes Good Reason in the Participant's belief (acting in good faith) within 30 days of its occurrence, (B) the Company shall have a period of not less than 30 working days (the "Cure Period") to cure the event or circumstance allegedly constituting Good Reason, and (C) the Participant must actually terminate Continuous Service Status no later than 10 days following the end of such Cure Period, if the Good Reason condition remains uncured. For the avoidance of doubt, Good Reason shall not exist if the event or circumstance allegedly constituting Good Reason is cured by the Company or if the Participant fails to terminate the Participant's Continuous Service Status hereunder within 10 days following the end of the Cure Period."

Incentive Bonus Agreements

Over the course of the company's history, we have entered into incentive bonus agreements ("IBAs") with certain employees who have been integral to our success as a means to attract and retain such individuals. The IBAs provide for payments in connection with certain liquidity events, including an initial public offering ("IPO"), with a bonus paid on or soon following the closing of a liquidity event (the "Closing Bonus") and an additional bonus that may be payable to certain employees following such liquidity event based on continued employment with us for retention purposes (the "Retention Bonus"). In connection with the IPO, we expect to pay Closing Bonuses, payable in cash and/or stock or a combination thereof, with an aggregate value, based on the midpoint of the range set forth on the cover page of the prospectus, of approximately $, and additional Retention Bonuses payable in restricted stock units with an aggregate value of approximately $. Each $1.00 increase or decrease in the initial public offering price per share of Class A common stock from the midpoint of the estimated price range set forth on the cover page of this prospectus would increase or decrease the aggregate value of the Closing Bonuses by approximately $ million and would increase or decrease the aggregate value of the Retention Bonuses by approximately $ million. The Retention Bonus restricted stock units vest over time, up to 48 months, depending on the employee. The number of shares of stock or restricted stock units

issued as part of the Closing Bonus and Retention Bonus shall be determined by dividing the amount of the respective bonus by the offering price that is set by our underwriters in connection with the IPO, rounding the result to the nearest whole share.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. As an emerging growth company, we will be exempt from certain requirements related to executive compensation, including the requirements to hold non-binding advisory votes on executive compensation and to provide information relating to the ratio of annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required under Sections 14 and 14A of the Exchange Act.

Director Compensation

The following table sets forth information regarding compensation earned by or paid to our directors during the year ended December 31, 2018, excluding the NEOs for whom we provide compensation disclosure below (David Katzman and Steven Katzman).

Name(a)(b)	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Jordan Katzman	0	0	0	0	0	209,614	209,614
Alexander Fenkell(c)	0	0	0	0	0	316,614	316,614

(a) Rick Schnall received no compensation as a director or otherwise from us. Therefore, we excluded him from this table.

(b) We did not pay our directors for services provided to us as directors during the year ended December 31, 2018. Jordan Katzman and Alexander Fenkell were compensated by Camelot for providing services to us as consultants as provided in the Management Services Agreement detailed in the Certain Relationships and Related Party Transactions—Other Related Party Transactions disclosure below, but not for services as directors. As such, we have only included compensation received as consultants in the "All other compensation" column.

(c) In addition to the consulting fees received by Mr. Fenkell, the amount disclosed for him includes the aggregate incremental costs of perquisites and other personal benefits, including (i) $12,000 in 2018 for personal use of aircraft paid for by the company by Mr. Fenkell and (ii) other transportation and living costs of $95,000 in 2018 for Mr. Fenkell to commute to our principal executive office in Nashville, Mr. J. Katzman received no additional payments or benefits for providing us services.

William H. Frist, MD, will become a member of our board of directors effective upon the closing of the offering. In addition to annual board fees of $150,000, Dr. Frist will receive a number of restricted stock units having an aggregate grant date fair value of $850,000, which will vest in equal installments on the date he becomes a board member for the two years following the closing of the offering, subject to his continued service on the board through such date.

Richard F. Wallman will also become a member of our board of directors effective upon the closing of the offering. In exchange for his services, Mr. Wallman will receive annual grants of restricted stock units having an aggregate grant date fair value of $300,000, which will be fully vested as of the dates of grant.

Summary Compensation Table

Name and Principal Position(a)	Year	Salary ($)	Bonus ($)	Stock Awards(b)(c)(d) ($)	All Other Compensation(e) ($)	Total ($)
Steven Katzman(f)	2018	302,544	125,589	0	185,479	613,612
Chief Operating Officer	2017	198,214	0	3,377,295	9,231	
Susan Greenspon Rammelt(f)	2018	315,480	500,000	531,736	12,307	1,359,523
General Counsel						

(a) David Katzman provides management services to us through Camelot. Camelot pays an entity that is wholly owned by Mr. D. Katzman for providing services to us and to other entities. No amounts are reflected in the above table for him because he provides services to several entities on behalf of Camelot for which Camelot provides compensation, but not on a per-entity basis. As such, there is no discernable amount of compensation paid to Mr. D. Katzman for the discrete services he provides to us.

(b) For 2018, amounts reflect the full grant-date fair value of the units in SDC Financial granted pursuant to Susan Greenspon Rammelt's Restricted Unit Grant Agreement, dated as of April 15, 2018, in accordance with ASC Topic 718. For additional information regarding assumptions used to calculate the value of such awards, please refer to Note 1 to our consolidated financial statements included elsewhere in this prospectus.

(c) For 2017, amounts reflect the full grant-date fair value of the units in SDC Financial granted pursuant to Steven Katzman's Restricted Unit Grant Agreement, dated as of March 31, 2017, in accordance with ASC Topic 718. For additional information regarding assumptions used to calculate the value of such awards, please refer to Note 1 to our consolidated financial statements included elsewhere in this prospectus.

(d) We have not granted options, nonequity incentive plan compensation, or nonqualified deferred compensation to any of the NEOs. Therefore, we have excluded those columns from this table.

(e) Amounts disclosed in this column include the aggregate incremental costs of perquisites and other personal benefits, including, among other things: (i) $205,000 in 2018 for personal use of aircraft paid for by the company by Mr. D. Katzman, (ii) $100,000 in 2018 for personal use of aircraft paid for by the company by Mr. S. Katzman, (iii) other transportation and living costs for Mr. D. Katzman of $41,000 in 2018 for Mr. D. Katzman to commute to our principal executive office in Nashville, (iv) other transportation and living costs for Mr. S. Katzman of $73,000 in 2018 for Mr. S. Katzman to commute to our principal executive office in Nashville, (v) $12,479 in 2018 representing employer contributions to Mr. S. Katzman's 401(k) account, (vi) $12,307 in 2018 representing employer contributions to Ms. Greenspon Rammelt's 401(k) account.

(f) During 2018, Steven Katzman and Susan Greenspon Rammelt were consultants providing management services to us through Camelot. Pursuant to our Management Agreement with Camelot, we paid Camelot a management fee and Camelot then paid Mr. Katzman and Ms. Greenspon Rammelt for providing services to us. The total management fee paid by us to Camelot includes payments for other individual consultants. The salary and bonus amounts in the table reflect the portion of the management fee attributed to Mr. Katzman and Ms. Greenspon Rammelt. We paid Camelot $3.3 million in management fees and expenses in 2018, including, but not limited to, for the services of Mr. Katzman and Ms. Greenspon Rammelt and the other Camelot consultants provided for in the Management Agreement.

Outstanding Equity Awards as of December 31, 2018

		Profits Interest Awards(b)(c)(d)	
Name and Principal Position(a)	Grant Date	Number of units that have not vested (#)	Market value of units that have not vested ($)(g)
Steven Katzman(e)	March 31, 2017	1,424	30,630,696
Susan Greenspon Rammelt(f)	April 15, 2018	108	1,887,883

(a) We have excluded David Katzman from this table because he did not receive any equity awards through December 31, 2018.

(b) We have excluded the Option Awards portion of this table because we granted no option awards to our NEOs through December 31, 2018.

(c) We have excluded the columns regarding equity incentive plan awards from this table because we did not have an equity incentive plan through December 31, 2018.

(d) The Class B restricted units granted to our NEOs were designed to qualify as profits interests that had a time-based vesting requirement along with an initial distribution threshold that had to be met before the NEO was eligible to participate in future appreciation.

(e) Mr. Katzman's March 2017 restricted unit grant provided that the time-based vesting requirement would be satisfied for one sixtieth ($^1/_{60}$) of the units on the first day of each month following the grant date and ending 60 months thereafter. The distribution threshold requirement would have been satisfied when distributions to other members reached $500 million.

(f) Ms. Greenspon Rammelt's April 2018 restricted unit grant provided that the time-based vesting requirement would be satisfied as follows, 20% on April 15, 2019, and 20% annually on April 15 for the four succeeding years thereafter until all of the units were vested. The distribution threshold requirement would have been satisfied when distributions to other members reached $1 billion.

(g) The Class B restricted units in SDC Financial were not publicly traded as of December 31, 2018. The value of the Class B restricted units included in this table on that date is based on our board of directors' determination of the liquidation value of such units as of that date, excluding any premium or marketability discounts.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth information regarding the beneficial ownership of shares of our Class A common stock and Class B common stock as of , 2019 for:

- each person known by us to own beneficially more than 5% of any class of our outstanding shares of common stock;
- each of the directors and named executive officers individually; and
- all of our directors and named executive officers as a group.

The following table does not reflect any shares of our Class A common stock that directors, officers, or principal stockholders may purchase in this offering, including pursuant to our directed share program.

The beneficial ownership information is presented on the following bases:

- after giving effect to the Reorganization Transactions (as described under "*Organizational Structure*"), but before this offering;
- after giving effect to the Reorganization Transactions described above, plus (i) the sale of shares of Class A common stock by us in this offering and (ii) our related purchase of LLC Units from SDC Financial and SDC Financial's related purchase and cancellation of LLC Units from the Pre-IPO Investors with a portion of the net proceeds of this offering; and
- after giving effect to the issuance and purchases described above, plus (i) the sale of additional shares of Class A common stock by us in connection with the underwriters' option to purchase additional shares in this offering and (ii) our related purchase of LLC Units from SDC Financial and SDC Financial's related purchase and cancellation of additional LLC Units (with cancellation of an equal number of shares of Class B common stock) from the Pre-IPO Investors with a portion of the net proceeds of this offering.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Accordingly, if an individual or entity is a member of a "group" which has agreed to act together for the purpose of acquiring, holding, voting or disposing of such securities, such individual or entity is deemed to be the beneficial owner of such securities held by all members of the group. Further, if an individual or entity has or shares the power to vote or dispose of such securities held by another entity, beneficial ownership of such securities held by such entity may be attributed to such other individuals or entities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws.

In connection with the Reorganization Transactions and prior to the consummation of the offering, certain trusts affiliated with David Katzman, our Chairman and Chief Executive Officer, Steven Katzman, our Chief Operating Officer, Jordan Katzman and Alexander Fenkell, our co-founders, and certain of their affiliated trusts and entities, who we collectively refer to as the Voting Group, will enter into the Voting Agreement, pursuant to which the Voting Group will give David Katzman, our Chairman and Chief Executive Officer, sole voting, but not dispositive, power over the shares of our Class A and Class B common stock beneficially owned by the Voting Group. The Voting Agreement terminates upon the earlier of (i) the ten-year anniversary of the consummation of an initial public offering of any shares of our common stock and (ii) the date on which the shares of Class B common stock held by the Voting Group and their permitted transferees represent less than 15% of the Class B common stock held by the Voting Group and their permitted transferees as of immediately following the consummation of an initial public offering of any shares of our common stock; or other events. See "*Certain Relationships and Related Party Transactions—Voting Agreement*."

Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o SmileDirectClub, Inc., 414 Union St., Nashville, Tennessee 37219.

	Class A Common Stock(a)(b)						Class B Common Stock(a)(b)						Combined Voting Power		
	Shares Before Offering		Shares After Offering		Shares After Offering, Including Full Option Exercise		Shares Before Offering		Shares After Offering		Shares After Offering, Including Full Option Exercise		% of Combined Voting Power Before Offering	% of Combined Voting Power After Offering	% of Combined Voting Power After Offering, Including Full Option Exercise
Name and address of Beneficial Owner	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%			
David Katzman(c)(d)															
Jordan Katzman(c)(e)															
Alexander Fenkell(c)(f)															
Steven Katzman(c)(g)															
Rick Schnall(h)															
Kyle Wailes(i)															
Susan Greenspon Rammelt(j)															
Executive Officers and Directors as a Group (9 persons)															
CD&R SDC Holdings, Inc. (h)															

(a) Our Class A common stock entitles holders thereof to one vote per share, and our Class B common stock initially entitles holders thereof to ten votes per share, voting together as a single class. See "*Description of Capital Stock—Common Stock*."

(b) Subject to the terms and conditions of the SDC Financial LLC Agreement, LLC Units are exchangeable (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustment for stock splits, stock dividends, and reclassifications, or for cash (based on the market price of the shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. See "*Certain Relationships and Related Party Transactions—SDC Financial LLC Agreement—Exchange rights*." Beneficial ownership of LLC Units is not reflected in this table; however, information concerning ownership of LLC Units is included in the footnotes below, where applicable.

(c) As a result of the Voting Agreement, following this offering, David Katzman may be deemed to beneficially own in the aggregate shares of Class B common stock that are owned by other members of the Voting Group. Mr. Katzman disclaims beneficial ownership of all shares of Class B common stock subject to the Voting Agreement, other than those held by DBK Investments LLC.

(d) Following this offering, Mr. Katzman will beneficially own LLC Units and shares of Class B common stock held by DBK Investments, LLC, of which he is the manager, which is wholly owned by the David B. Katzman 2018 Irrevocable Trust, over which he has sole voting and investment control. Excludes LLC Units and shares of Class B common stock that, following this offering, will be beneficially owned by Heather Katzman, Mr. Katzman's spouse.

(e) Following this offering, Mr. Katzman will beneficially own (i) LLC Units and shares of Class B common stock held by JM Katzman Investments, LLC, of which his is manager, which is wholly owned by the Jordan M. Katzman 2018 Irrevocable Trust, over which he has sole voting and investment control, and (ii) LLC Units and shares of Class B common stock held by the Jordan M. Katzman Revocable Trust, of which he is trustee.

(f) Following this offering, Mr. Fenkell will beneficially own (i) LLC Units and shares of Class B common stock held by the Alexander J. Fenkell 2018 Irrevocable Trust, of which he is trustee, and (ii) LLC Units and shares of Class B common stock held by the Alexander Fenkell Revocable Trust, of which he is trustee.

(g) Following this offering, Mr. Katzman will beneficially own (i) LLC Units and shares of Class B common stock held by the David B. Katzman 2009 Family Trust, of which he is trustee, and (ii) LLC Units and shares of Class B common stock held in his individual capacity, including restricted LLC Units and shares of Class B common stock that will be subject to monthly vesting through March 2022 (of which LLC Units and shares of Class B common stock will vest within 60 days of , 2019). See "*Executive and Director Compensation—Elements of Compensation—Equity-based compensation*."

(h) The beneficial owners of CD&R SDC Holdings Inc. are . Each of such CD&R entities and Mr. Schnall may be deemed to beneficially own the shares beneficially owned by the CD&R funds directly or indirectly controlled by it or him, but each (other than the CD&R funds to the extent of their direct holdings) disclaims beneficial ownership of such shares. The address of each of the entities listed in this footnote is .

(i)

(j) Following this offering, Ms. Greenspon Rammelt will beneficially own LLC Units and shares of Class B common stock, including restricted LLC Units and shares of Class B common stock that will be subject to monthly vesting through April 2023 (of which LLC Units and shares of Class B common stock will vest within 60 days of , 2019). See "*Executive and Director Compensation—Elements of Compensation—Equity-based compensation*."

* Represents beneficial ownership of less than 1%.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The agreements described in this section, or forms of such agreements as they will be in effect at the time of this offering, will be filed as exhibits to the registration statement of which this prospectus forms a part, and the following descriptions are qualified by reference thereto.

Reorganization Transactions

Prior to and in connection with the consummation of this offering, we will consummate the Reorganization Transactions pursuant to the agreements described below. See "*Organizational Structure*."

SDC Financial LLC Agreement

As a result of the Reorganization Transactions, SDC Inc. will hold a significant equity interest in SDC Financial and will be the managing member of SDC Financial. Accordingly, SDC Inc. will operate and control all of the business and affairs of SDC Financial and, through SDC Financial and its operating subsidiaries, conduct SmileDirectClub's business.

Prior to the completion of this offering, the operating agreement of SDC Financial will be amended and restated to, among other things, modify the capital structure of SDC Financial by replacing the different classes of membership interests with a single new class of membership interests of SDC Financial, which we refer to as LLC Units. Each of the Continuing LLC Members and SDC Inc. will enter into the SDC Financial LLC Agreement.

Under the SDC Financial LLC Agreement, SDC Inc., as the managing member of SDC Financial, has the right to determine when distributions (other than tax distributions) will be made to holders of LLC Units in SDC Financial and the amount of any such distributions, subject to limitations imposed by applicable law and contractual restrictions (including pursuant to our debt instruments). If a distribution with respect to LLC Units is authorized, such distribution will be made to the holders of LLC Units pro rata based on their holdings of LLC Units in accordance with their terms. In turn, SDC Financial, which is the managing member of SDC LLC, has the right to determine when distributions (other than tax distributions) will be made by SDC LLC to SDC Financial and the amount of any such distributions, and SDC LLC, which is the managing member of SDC Holding, has the right to determine when distributions (other than tax distributions) will be made by SDC Holding to SDC LLC and the amount of any such distributions.

Under the terms of the SDC Financial LLC Agreement, all of the LLC Units received by the Continuing LLC Members in the Reorganization Transactions will be subject to restrictions on disposition. Additionally, following consummation of the Reorganization Transactions, LLC Units will be subject to the same vesting and/or forfeiture conditions as the previously held securities in SDC Financial, as applicable.

The holders of LLC Units, including SDC Inc., will incur U.S. federal, state, and local income taxes on their respective share of any taxable income of SDC Financial. Net profits and net losses of SDC Financial generally will be allocated to the holders of LLC Units (including SDC Inc.) pro rata in accordance with their respective share of the net profits and net losses of SDC Financial. The SDC Financial LLC Agreement will provide for cash distributions, which we refer to as "tax distributions," based on certain assumptions, to the holders of LLC Units (including SDC Inc.) pro rata based on their holdings of LLC Units. Generally, these tax distributions to holders of LLC Units will be an amount equal to our estimate of the taxable income of SDC Financial, net of taxable losses, allocable per LLC Unit multiplied by an assumed tax rate set forth in the SDC Financial LLC Agreement. Because tax distributions will be determined based on an assumed tax rate, SDC Financial may be required to make tax distributions that, in the aggregate, may exceed the amount of taxes that SDC Financial would have paid if it were itself taxed on its net income. Tax distributions will be made only to the extent all distributions from SDC Financial for

the relevant year were insufficient to cover such tax liabilities. Any distributions will be subject to available cash and applicable law and contractual restrictions.

Exchange rights

Subject to the terms and conditions of the SDC Financial LLC Agreement, the Continuing LLC Members will have the right to exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends, reclassifications, and other similar transactions, or for cash (based on the market price of the shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. The SDC Financial LLC Agreement will provide that, as a general matter, a Continuing LLC Member will not have the right to exchange LLC Units if we determine that such exchange would be prohibited by law. We may impose additional restrictions on exchange that we determine to be necessary or advisable so that SDC Financial is not treated as a "publicly traded partnership" for U.S. federal income tax purposes. As Continuing LLC Members exchange their LLC Units, those LLC Units thereafter will be owned by SDC Inc. and SDC Inc.'s interest in SDC Financial will be correspondingly increased. The corresponding shares of Class B common stock will be cancelled. We have reserved for issuance shares of Class A common stock in respect of the aggregate number of shares of Class A common stock that may be issued upon exchange of LLC Units.

A Continuing LLC Member will not be permitted to exchange LLC Units pursuant to the SDC Financial LLC Agreement during the 180-day period after the date of this prospectus, unless it has executed a lock-up agreement.

Voting Agreement

Prior to the consummation of this offering, certain trusts affiliated with David Katzman, our Chairman and Chief Executive Officer, Steven Katzman, our Chief Operating Officer, Jordan Katzman and Alexander Fenkell, our co-founders, and certain of their affiliated trusts and entities, who we collectively refer to as the Voting Group, will enter into the Voting Agreement, pursuant to which the Voting Group will give David Katzman sole voting, but not dispositive, power over the shares of our Class A and Class B common stock beneficially owned by the Voting Group.

Purchase of LLC Units

We intend to use all of the net proceeds we receive from this offering (including from any exercise of the underwriters' option to purchase additional shares of Class A common stock) to purchase newly issued LLC Units from SDC Financial. We intend to cause SDC Financial to use approximately $ (or approximately $ if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) of such proceeds to purchase and cancel LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) from the Pre-IPO Investors at a price per LLC Unit equal to the public offering price per share of Class A common stock in this offering, less the underwriting discount.

The table below sets forth the number of LLC Units to be purchased by SDC Financial from Pre-IPO Investors, assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of Class A common stock, based on an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated price range set forth on

the cover page of this prospectus. See "*Use of Proceeds*" and "*Security Ownership of Certain Beneficial Owners and Management*."

	Assuming No Option Exercise		Assuming Full Option Exercise	
	# of LLC Units to be Purchased	Aggregate Purchase Price	# of LLC Units to be Purchased	Aggregate Purchase Price
David Katzman(a)		$		$
Jordan Katzman(b)				
Alexander Fenkell(c)				
Steven Katzman(d)				
Susan Greenspon Rammelt				
CD&R SDC Holdings, Inc.				
Total		$		$

(a) Includes LLC Units purchased from DBK Investments, LLC. Excludes LLC Units purchased from Heather Katzman, Mr. Katzman's spouse.

(b) Includes (i) LLC Units purchased from JM Katzman Investments, LLC and (ii) LLC Units purchased from the Jordan M. Katzman Revocable Trust.

(c) Includes (i) LLC Units purchased from the Alexander J. Fenkell 2018 Irrevocable Trust and (ii) LLC Units purchased from the Alexander Fenkell Revocable Trust.

(d) Includes (i) LLC Units purchased from the David B. Katzman 2009 Family Trust and (ii) LLC Units purchased from Mr. Katzman in his individual capacity.

Registration Rights Agreement

Effective upon the consummation of this offering, we intend to enter into the Registration Rights Agreement, whereby, following the expiration of the 180-day lock-up period related to this offering, we may be required to register under the Securities Act the sale of shares of our Class A common stock that may be issued to Continuing LLC Members upon exchange of their LLC Units. The Registration Rights Agreement will also require us to make available and keep effective shelf registration statements permitting sales of shares of Class A common stock into the market from time to time over an extended period. In addition, certain of the Continuing LLC Members will have the ability to exercise certain demand registration rights and/or piggyback registration rights in connection with underwritten registered offerings requested by any of the Continuing LLC Members or initiated by us.

Tax Receivable Agreement

Our purchase of LLC Units from SDC Financial, coupled with SDC Financial's purchase and cancellation of LLC Units from the Pre-IPO Investors in connection with this offering, as described under "*Use of Proceeds*," and any future exchanges of LLC Units for our Class A common stock or cash are expected to result in increases in our allocable tax basis in the assets of SDC Financial that otherwise would not have been available to us. These increases in tax basis are expected to reduce the amount of cash tax that we would otherwise have to pay in the future due to increases in depreciation and amortization deductions (for tax purposes). These increases in tax basis may also decrease gain (or increase loss) on future dispositions of certain assets of SDC Financial to the extent the increased tax basis is allocated to those assets. The IRS may challenge all or part of these tax basis increases, and a court could sustain such a challenge.

In connection with the consummation of this offering, we and SDC Financial will enter into the Tax Receivable Agreement, pursuant to which we will agree to pay the Continuing LLC Members 85% of the cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realize as a

result of (a) the increases in tax basis attributable to exchanges by Continuing LLC Members and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the Tax Receivable Agreement. We expect to benefit from the remaining 15% of cash savings, if any, that we realize. For purposes of the Tax Receivable Agreement, cash savings will be computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no increase to the tax basis of the assets of SDC Financial as a result of the exchanges and had we not entered into the Tax Receivable Agreement. The term of the Tax Receivable Agreement will commence upon the consummation of this offering and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreement for an amount based on a specified formula to determine the present value of payments remaining to be made under the agreement (including payments that would be made if all LLC Units were then exchanged for Class A common stock). The Tax Receivable Agreement will cover any exchanges of LLC Units issued to the current parties to that agreement after the offering, and it is possible that new investors in LLC Units after this offering may become parties to the Tax Receivable Agreement as well.

The payment obligation under the Tax Receivable Agreement is an obligation of SDC Inc. and not an obligation of SDC Financial. In addition, the Continuing LLC Members will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, although excess payments made to any Continuing LLC Member may be netted against payments otherwise to be made, if any, to the relevant Continuing LLC Member after our determination of such excess. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments from which to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, in certain circumstances we may make payments to the Continuing LLC Members under the Tax Receivable Agreement in excess of our actual cash tax savings. While the actual increase in tax basis, as well as the actual amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, future tax rates, and the amount and timing of our income, we expect that, as a result of the size of the increases in the tax basis of the tangible and intangible assets of SDC Financial attributable to our interests in SDC Financial, during the expected term of the Tax Receivable Agreement, the payments that we may make to the Continuing LLC Members could be substantial. Payments made under the Tax Receivable Agreement are required to be made within days of the filing of our tax returns. Because we generally expect to receive the tax savings prior to making the cash payments to the Continuing LLC Members, we do not expect the cash payments to have a material impact on our liquidity.

In addition, the Tax Receivable Agreement provides that, upon a merger, asset sale, or other form of business combination or certain other changes of control, a material breach of our obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, our (or our successor's) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control or early termination) will be based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the Tax Receivable Agreement that tax rates remain constant, and, in the case of certain early termination elections, that any units that have not been exchanged are deemed exchanged for the market value of the Class A common stock at the time of termination. Consequently, it is possible in these circumstances that the actual cash tax savings realized by us may be significantly less than the corresponding Tax Receivable Agreement payment.

Other Related Party Transactions

Management Services Agreement: SDC LLC is party to a Management Agreement with Camelot Venture Group, a private investment group of which David Katzman is a partner, pursuant to which Camelot provides certain management and consulting services to us for a fee of $150,000 per month, plus any costs incurred directly related to our business, including the salaries of Steven Katzman, Susan Greenspon Rammelt, Jessica Cicurel, Alexander Fenkell, and Jordan Katzman. For the year ended December 31, 2018, we paid approximately $3.3 million to Camelot under this agreement, including the aforementioned salaries. This Agreement will be terminated effective upon the consummation of this offering.

Costs incurred through affiliate: We are affiliated through Camelot with an entity that incurs freight costs related to our business. We incurred $8.3 million of freight through this affiliate during the year ended December 31, 2018. The cost was billed to us at actual cost.

Promissory notes to majority member and related parties: We were the obligor under three promissory notes payable to David Katzman and certain affiliated trusts. As of December 31, 2018, the balance of these notes was $11.7 million. These notes were repaid in full in the first quarter of 2019. Interest expense on this note payable was $1.2 million for the year ended December 31, 2018.

Promissory notes on unitholder redemption: In June 2017, we redeemed membership units from our former CEO for $12.4 million. We paid $1.6 million of the redemption price in June 2017 and the balance is being paid in 36 equal monthly installments plus interest at 3% annually beginning July 2017. As of June 30, 2019 and December 31, 2018, the outstanding balance on this note payable was $3.6 million and $5.4 million, respectively. In addition, we advanced $1.4 million to the former CEO to be repaid out of any future proceeds of the remaining units owned by him. This advance bears interest at 1.15% annually and is reflected as a reduction of members' equity. In January 2018, we redeemed additional membership units from a former consultant for $1.5 million, which is being paid in 24 equal monthly installments plus interest of 1.7% annually beginning January 2018. As of June 30, 2019 and December 31, 2018, the outstanding balance on this note payable was $386,000 and $773,000, respectively. Interest on these promissory notes payable was $75,000 for the six months ended June 30, 2019 and $238,000 for the year ended December 31, 2018.

SDC Plane agreement: In February 2019, we entered into an agreement with the David Katzman Revocable Trust (the "Trust") to purchase all of the issued and outstanding membership units of a limited liability corporation ("SDC Plane") owned by the Trust for a purchase price of approximately $1.1 million, which was the Trust's acquisition cost. SDC Plane owns an interest in an aircraft through NetJets, which is available for use by our executives.

Private plane usage: We pay a company controlled by Mr. David Katzman for the operation of a private plane when used for Company business within the contiguous 48 states of the United States, Canada, Costa Rica, and other destinations as necessary. Under this arrangement, payment is based on a fixed hourly fee for flight time plus reimbursement for certain costs incurred. The amount we pay under this arrangement is not subject to a maximum cap per fiscal year. For the year ended December 31, 2018, the average hourly flight time fee was approximately $3,400, and we paid approximately $1,000,000 to the affiliated company under this arrangement.

Plane purchase: In August 2019, we agreed to purchase an airplane from David Katzman, our Chairman and Chief Executive Officer. We will pay Mr. Katzman the appraised value for the plane, as determined by an independent third-party appraiser.

Align Loan and Security Agreement: In 2016, we entered into a Loan and Security Agreement and related ancillary agreements (collectively, the "Align Loan") with Align Technology, Inc. ("Align"), a prior significant equityholder. The Align Loan was amended in 2017. The Align Loan provided a line of credit

for us to borrow up to 80% of eligible receivables up to a maximum amount of $30 million at an interest rate of 7% per annum. The entire outstanding balance of $30 million was repaid, and the Align Loan terminated, in February 2018. Interest expense on the Align Loan was $ 219,000 for the year ended December 31, 2018.

Align Supply Agreement: We are party to a Strategic Supply Agreement with Align, pursuant to which we had the option to purchase aligners from Align at a price that varies with the level of product purchased. While the majority of our aligners were manufactured in-house, we did purchase aligners under this agreement. This supply agreement is expected to terminate as of December 31, 2019. For the year ended December 31, 2018, we paid Align approximately $27.7 million for purchases of products under this agreement. Additionally, we purchase oral digital imaging equipment from Align. For the year ended December 31, 2018, we paid Align approximately $15.1 million for purchases of equipment.

Repurchase of Align shares: Pursuant to a March 2019 arbitration ruling, Align was required to tender its membership interests in SDC Financial in exchange for payment in the amount of Align's capital account as of November 2017. Also pursuant to the arbitration ruling, the non-compete provisions of our operating agreement prohibiting Align from engaging in certain competing business activities have been extended until August 2022 and they are prohibited from using our confidential information. See "*Our Business—Legal Proceedings*." Per the terms of the ruling, we are paying Align $54 million, pursuant to a promissory note payable over 24 months through March 2021, in full redemption of Align's Pre-IPO Units.

See Note 13 to the Consolidated Financial Statements of SDC Financial included elsewhere in this prospectus.

Directed Share Program

At our request, the underwriters have reserved up to % of the Class A Shares offered by this prospectus for the sale to directors, officers, and certain employees, as well as friends and family members of directors and officers. See "*Underwriting (Conflicts of Interest)*" for additional information regarding the directed share program.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Policies and Procedures for Related Party Transactions

Our board of directors expects to adopt a written related-party transaction policy, to be effective upon the completion of this offering, setting forth the policies and procedures for the review and approval or ratification of transactions involving us and "related persons." For the purposes of this policy, "related persons" will include our executive officers, directors, director nominees, and their immediate family members, and stockholders owning five percent or more of our outstanding common stock and their immediate family members.

The policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships in which we were or are to be a participant, where the amount involved

exceeds $120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated party and the extent of the related person's interest in the transaction. All related-party transactions may only be consummated if our audit committee has approved or ratified such transaction in accordance with the guidelines set forth in the policy. Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the deliberations or vote respecting approval or ratification of the transaction. However, such director may be counted in determining the presence of a quorum at a meeting of the audit committee that considers the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

DESCRIPTION OF CAPITAL STOCK

In connection with this offering, we will amend and restate our certificate of incorporation and our bylaws. The following is a description of the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of this offering, the forms of which will be filed as exhibits to the registration statement of which this prospectus forms a part. Because this is only a summary, it may not contain all the information that is important to you.

Under "Description of Capital Stock," "we," "us," "our" and "Company" refer to SmileDirectClub, Inc. and not to any of its subsidiaries.

General

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Upon the consummation of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.0001 per share, shares of Class B common stock, par value $0.0001 per share and shares of preferred stock, par value $0.0001 per share. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

We have two classes of common stock: Class A, which has one vote per share and Class B, which has ten votes per share. The Class A and Class B common stock will vote together as a single class on all matters submitted to a vote of stockholders, except as otherwise required by applicable law and except in connection with amendments to our amended and restated certificate of incorporation that increase or decrease the par value of the shares of such class, or alter or change the powers, preferences, or special rights of the shares of such class so as to affect them adversely.

Class A common stock

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors elected by our stockholders generally. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A common stock that will be outstanding at the time of the consummation of the offering will be fully paid and non-assessable. The Class A common stock will not be subject to further calls or assessments by us. Holders of shares of our Class A common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class A common stock. The rights powers, preferences and privileges of our Class A common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Class B common stock

Holders of shares of our Class B common stock are entitled to ten votes for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors elected by our stockholders generally. The holders of our Class B common stock do not have cumulative voting rights in the election of directors. Upon the earlier of (i) the ten-year anniversary of the consummation of this offering or (ii) the date on which the shares of Class B common stock held by the Voting Group and their permitted transferees represent less than 15% of the Class B common stock held by the Voting Group and their permitted transferees as of immediately following the consummation of this offering, each share of Class B common stock will entitle its holder to one vote per share on all matters to be voted upon by stockholders generally.

The shares of Class B common stock have no economic rights. Holders of shares of our Class B common stock do not have any rights to receive dividends or, except as otherwise required by applicable law, to receive a distribution upon a liquidation, dissolution or winding up of the Company.

All shares of our Class B common stock that will be outstanding at the time of the consummation of the offering will be fully paid and non-assessable. The Class B common stock will not be subject to further calls or assessments by us. Holders of shares of our Class B common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class B common stock. The rights powers, preferences and privileges of our Class B common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Subject to the terms and conditions of the SDC Financial LLC Agreement, the Continuing LLC Members will have the right to exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends, reclassifications, and other similar transactions, or for cash (based on the market price of the shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. See "*Certain Relationships and Related Party Transactions—SDC Financial LLC Agreement—Exchange rights*."

Pursuant to our amended and restated certificate of incorporation, the Class B common stock will be nontransferable except for (i) transfers with our consent, (ii) permitted transfers to and among existing holders of Class B common stock or, with respect to each holder, family members of the holder and entities (including partnerships and limited liability companies) exclusively owned by, or trusts for the sole benefit of, the holder or the holder's immediate family and (iii) pledges securing loans (and the exercise of remedies thereunder). Every transfer of shares of Class B common stock must be accompanied by a corresponding transfer of LLC Units.

Preferred Stock

No shares of preferred stock will be issued or outstanding immediately after the offering contemplated by this prospectus. Our amended and restated certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by the holders of our Class A or Class B common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;

- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption or repurchase rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of us or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium over the market price of the shares of our common stock. Additionally, the issuance of preferred stock may adversely affect the rights of holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock.

Annual Stockholder Meetings

Our amended and restated bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation, amended and restated bylaws and the DGCL will contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile or abusive change of control and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an antitakeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of NASDAQ. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Classified Board of Directors

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The holders of our Class B common stock, pursuant to the Voting Agreement, will control the election of directors. Directors may only be removed from our board of directors for cause by the affirmative vote of at least a majority of the confirmed voting power of our Class A and Class B common stock. In addition, our amended and restated certificate of incorporation will also provide that, subject to the rights granted to one or more series of preferred stock then outstanding or the rights granted under the Voting Agreement with David Katzman, any newly created directorship on the board of directors that results from an increase in the number of directors and any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, by a sole remaining director. See "*Management—Composition of the Board of Directors.*" These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

Business Combinations

We intend to opt out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least $66^{2}/_{3}$% of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, "voting stock" has the meaning given to it in Section 203 of the DGCL.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with us for a three-year period. This provision may encourage companies interested in acquiring us to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of

directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Our amended and restated certificate of incorporation will provide that so long as the Voting Group and their permitted transferees represent more than 15% of the Class B common stock held by the Voting Group and their permitted transferees as of immediately following the consummation of this offering, the voting power and any of their respective direct or indirect transferees, and any group as to which such persons are a party, do not constitute "interested stockholders" for purposes of this provision. If at any time the Voting Group owns less than 15% of the shares they owned at the consummation of this Offering, we will opt back in and be governed by the provisions of Section 203.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Special Stockholder Meetings

Our amended and restated certificate of incorporation will provide that special meetings of our stockholders may be called at any time only by or at the direction of the board of directors or the chairman of the board of directors. Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying, or discouraging hostile takeovers, or changes in control or management of the Company.

Director Nominations and Stockholder Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings that may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay, or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice, and without a vote if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation will provide otherwise. Our amended and restated certificate of incorporation will preclude stockholder action by written consent, except with

respect to matters to be voted on solely by the holders of Class B common stock or preferred stock, if any, voting separately as a class, at any time when the Voting Group controls, in the aggregate, less than 30% of the voting power of our stock entitled to vote generally in the election of directors, unless such action is unanimously recommended by the board.

Amendment of Amended and Restated Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Upon consummation of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of the holders of at least $66^2/_3\%$ of the votes which all our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least $66^2/_3\%$ of the votes which all our stockholders would be entitled to cast in any election of directors will be required to amend, repeal, or adopt certain provisions of our amended and restated certificate of incorporation.

The foregoing provisions of our amended and restated certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares of Class A common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director or officer of our Company to the Company or the Company's stockholders, creditors, or other constituents, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our

amended and restated bylaws, or (iv) action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. The Court of Chancery of the State of Delaware is not the sole and exclusive forum for actions brought under the federal securities laws. Nothing in our amended and restated certificate of incorporation precludes stockholders that assert claims under Section 22 of the Securities Act or Section 27 of the Exchange Act from bringing such claims in state or federal court, subject to applicable law. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages to the corporation or its stockholders for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any breaches of the director's duty of loyalty, any acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law, any authorization of dividends or stock redemptions or repurchases paid or made in violation of the DGCL, or for any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws generally provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Indemnification Agreements

We intend to enter into an indemnification agreement with each of our directors and executive officers as described in "*Certain Relationships and Related Person Transactions—Indemnification Agreements*." Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for shares of our Class A common stock will be .

Listing

We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "SDC."

U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our Class A common stock by a Non-U.S. Holder (as defined below) that holds our Class A common stock as a capital asset (generally, property held for investment). This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Department regulations promulgated thereunder ("Regulations"), judicial decisions, administrative pronouncements and other relevant applicable authorities, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

This discussion does not address all U.S. federal income tax considerations that may be applicable to Non-U.S. Holders in light of their particular circumstances or Non-U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;
- brokers, dealers or traders in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons holding our Class A common stock as part of a straddle, hedge, conversion or other integrated transaction;
- persons who acquired shares of our Class A common stock as compensation or otherwise in connection with the performance of services;
- controlled foreign corporations;
- passive foreign investment companies; and
- tax-exempt organizations.

In addition, this discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations. Non-U.S. Holders should consult their tax advisors regarding the particular tax considerations to them of owning and disposing of our Class A common stock.

For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of our Class A common stock that is not for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have the authority to control all substantial decisions, or (ii) that has otherwise validly elected to be treated as a U.S. person under the applicable Regulations.

If a partnership (or other entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes) holds our Class A common stock, the tax treatment of a partner or beneficial owner of the entity will generally depend on the status of the owner and the activities of the entity. Partners in a partnership (or beneficial owners of another entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes) should consult their tax advisors regarding the tax considerations of an investment in our Class A common stock.

Distributions on Our Class A Common Stock

As discussed under the section titled "*Dividend Policy*," we do not currently anticipate paying cash dividends to our Class A common stockholders. In the event that we do make distributions of cash or property (other than certain stock distributions) with respect to our Class A common stock (or that we engage in certain redemptions that are treated as distributions with respect to Cass A common stock), any such distributions generally will be treated as dividends to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If a distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), the excess will be treated first as a tax-free return of capital to the extent of a Non-U.S. Holder's adjusted tax basis in our Class A common stock and thereafter as capital gain from the sale, exchange or other taxable disposition of our Class A common stock, with the tax treatment described below in "*—Sale, Exchange or Other Disposition of Our Class A Common Stock*."

Distributions treated as dividends paid on our Class A common stock to a Non-U.S. Holder will generally be subject to U.S. federal withholding tax at a 30% rate, or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding under an applicable income tax treaty, a Non-U.S. Holder will generally be required to (i) provide a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or any appropriate successor or replacement forms), as applicable, certifying that it is not a U.S. person as defined under the Code and that it is entitled to benefits under the treaty or (ii) if such Non-U.S. Holder's Class A common stock is held through certain foreign intermediaries or foreign partnerships, satisfy the relevant certification requirements of applicable Treasury regulations. A Non-U.S. Holder that does not timely furnish the required documentation but that is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Subject to the discussion below under "*—Foreign Account Tax Compliance Act Withholding Taxes*," no amounts in respect of U.S. federal withholding tax will be withheld from dividends paid to a Non-U.S. Holder if the dividends are effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States) and the Non-U.S. Holder provides a properly executed IRS Form W-8ECI or other applicable or successor form. Instead, the effectively connected dividends will generally be subject to regular U.S. income tax on a net income basis as if the Non-U.S. Holder were a U.S. person as defined under the Code. A Non-U.S. Holder that is a treated as a corporation for U.S. federal income tax purposes receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on its effectively connected earnings and profits (subject to certain adjustments).

Sale, Exchange or Other Disposition of Our Class A Common Stock

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on gain realized on a sale, exchange or other disposition of our Class A common stock unless:

- such gain is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States), in which case such gain will generally be subject to U.S. federal income tax in the same manner as effectively connected dividend income as described above;

- such Non-U.S. Holder is an individual present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, in which case such gain will generally be subject to U.S. federal income tax at a rate of 30% (or a lower treaty rate), which gain may be offset by certain U.S.-source capital losses even though the individual is not considered a

resident of the United States, provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses; or

- we are or become a United States real property holding corporation (as defined in section 897(c) of the Code, a "USRPHC"), at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. Holder's holding period, and either (i) our Class A common stock is not regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs, or (ii) the Non-U.S. Holder has owned or is deemed to have owned, at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. Holder's holding period, more than 5% of our Class A common stock.

Although there can be no assurance in this regard, we believe that we are not a USRPHC and we do not anticipate becoming a USRPHC for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act Withholding Taxes

Certain rules may require withholding at a rate of 30% on dividends in respect of our Class A common stock held by or through certain foreign financial institutions (including investment funds), unless such institution (i) enters into, and complies with, an agreement with the Treasury Department to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution to the extent such interests or accounts are held by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments or (ii) complies with an intergovernmental agreement between the United States and an applicable foreign country to report such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, the entity through which our Class A common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of our Class A common stock held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we or the applicable withholding agent will in turn provide to the Treasury Department. We will not pay any amounts to holders in respect of any amounts withheld. Non-U.S. Holders should consult their tax advisors regarding the possible implications of this withholding tax on their investment in our Class A common stock.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. No prediction is made as to the effect, if any, future sales of shares, or the availability for future sales of shares, will have on the market price of our Class A common stock prevailing from time to time. The sale of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of our Class A common stock.

Upon consummation of this offering and after giving effect to the use of proceeds therefrom, we will have outstanding shares of Class A common stock (or shares of Class A common stock if the underwriters' option to purchase additional shares of Class A common stock is exercised in full) and shares of Class B common stock. The shares of Class A common stock sold in this offering (other than any shares sold pursuant to our directed share program, which will be subject to "lock-up" restrictions as described under "*Underwriting (Conflicts of Interest)*") will be freely tradable without restriction or further registration under the Securities Act, except for any Class A common stock held by our "affiliates," as defined in Rule 144, which would be subject to the limitations and restrictions described below.

In addition, subject to the terms and conditions of the SDC Financial LLC Agreement, the Continuing LLC Members can, from time to time, exchange their LLC Units (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock on a one-for-one basis, subject to customary adjustments for stock splits, stock dividends and reclassifications, or for cash (based upon the market price of the shares of Class A common stock), with the form of consideration determined by the disinterested members of our board of directors. Upon the consummation of this offering and after giving effect to the use of proceeds therefrom, the Continuing LLC Members will hold LLC Units (or LLC Units if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), all of which will be exchangeable (with automatic cancellation of an equal number of shares of Class B common stock) for shares of our Class A common stock or cash (based on the market price of the shares of Class A common stock), with the form of consideration by the disinterested members of our board of directors. Any shares of Class A common stock we issue upon such exchanges would be "restricted securities," as defined in Rule 144, unless we register such issuances.

Registration Statement on Form S-8

In addition, shares of our Class A common stock may be granted under our Omnibus Plan, which amount may be subject to annual adjustment. See "*Executive and Director Compensation—Anticipated Equity Compensation Additions to Our Compensation Program Following the Offering—2019 Omnibus Incentive Plan*." We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock issued pursuant to our Omnibus Plan. Any such registration statement on Form S-8 will automatically become effective upon filing. Accordingly, shares of Class A common stock registered under such registration statement will be available for sale in the open market, subject to any vesting restrictions or the lock-up restrictions and Rule 144 limitations applicable to affiliates described below.

Registration Rights

Effective upon the consummation of this offering, we will enter into the Registration Rights Agreement, whereby, following the expiration of the 180-day lock-up period related to this offering, we may be required to register under the Securities Act the sale of shares of our Class A common stock issuable to certain of the Continuing LLC Members upon exchange of their LLC Units. Shares of Class A common stock registered pursuant to the Registration Rights Agreement will also be available for sale in the open market upon such registration unless restrictions apply. See "*Certain Relationships and Related Party Transactions—Registration Rights Agreement*."

Lock-Up of Our Class A Common Stock

We, all of our directors and officers, and substantially all of the Pre-IPO Investors, have agreed with the underwriters, subject to certain exceptions, not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock (including any shares acquired pursuant to our directed share program) or any securities convertible into or exercisable or exchangeable for shares of Class A common stock; (ii) file any registration statement with the SEC relating to the offering of any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock; or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Class A common stock, whether owned directly by such member (including holding as a custodian) or with respect to which such member has beneficial ownership within the rules and regulations of the SEC, during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of J.P. Morgan Securities LLC. Currently, the underwriters have no current intention to release the aforementioned holders of our Class A common stock from the lock-up restrictions described above. Our lock-up agreement will provide for certain exceptions. See "*Underwriting (Conflicts of Interest)*."

Rule 144

The shares of Class A common stock to be issued upon exchange of the LLC Units and other shares of Class A common stock not sold in this offering will be, when issued, "restricted" securities under the meaning of Rule 144, and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144, a person (or persons whose shares are aggregated) who is not deemed to have been an "affiliate" of ours at any time during the three months preceding a sale, and who has held restricted securities (within the meaning of Rule 144) for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those securities, subject only to the availability of current public information about us. As defined in Rule 144, an "affiliate" of an issuer is a person that directly, or indirectly, through one or more intermediaries, controls, or is under common control with the issuer. A non-affiliated person who has held restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those securities without regard to the provisions of Rule 144.

A person (or persons whose securities are aggregated) who is deemed to be an affiliate of ours and who has held restricted securities (within the meaning of Rule 144) for at least six months would be entitled to sell within any three-month period a number of securities that does not exceed the greater of one percent of the then outstanding shares of securities of such class or the average weekly trading volume of securities of such class during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us (which requires that we are current in our periodic reports under the Exchange Act).

UNDERWRITING (CONFLICTS OF INTEREST)

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom J.P. Morgan Securities LLC and Citigroup Global Markets Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of Class A common stock indicated below:

Underwriter	Number of Shares
J.P. Morgan Securities LLC	
Citigroup Global Markets Inc.	
BofA Securities, Inc.	
Jefferies LLC	
UBS Securities LLC	
Credit Suisse Securities (USA) LLC	
Guggenheim Securities, LLC	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Loop Capital Markets LLC	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering our shares of Class A common stock subject to their acceptance of the shares of Class A common stock from us. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of our shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of our shares of Class A common stock offered by this prospectus if any such shares of Class A common stock are taken. However, the underwriters are not required to take or pay for our shares of Class A common stock covered by the underwriters' option to purchase additional shares described below.

The underwriters initially propose to offer part of our shares of Class A common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial offering of our shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the underwriters. Sales of shares outside of the United States may be made by affiliates of the underwriters.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions, solely to cover over-allotments, if any. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

At our request, the underwriters have reserved up to % of the Class A common stock being offered by this prospectus for sale at the initial public offering price to our directors, officers, employees, other individuals associated with us, and members of their families. The sales will be made by UBS Financial Services Inc., a selected dealer affiliated with UBS Securities LLC, an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or

any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock. Participants in the directed share program who are allocated any shares shall be subject to a 180-day lock-up with respect to any shares sold to them pursuant to that program. This lock-up will have similar restrictions to the lock-up agreements described below. Any shares sold in the directed share program to our directors, executive officers or selling stockholders shall be subject to the lock-up agreements described below.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of Class A common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

We expect the expenses payable by us in this offering, exclusive of the underwriting discounts and commissions, to be approximately $. We have agreed to reimburse the underwriters for all expenses related to the clearance of the offering with the Financial Industry Regulatory Authority in an amount not to exceed $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of our shares of Class A common stock offered by them.

We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "SDC."

We, our officers, directors, and certain of the Pre-IPO Investors have agreed that, subject to enumerated exceptions, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of J.P. Morgan Securities LLC, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of our Class A common stock, or any options or warrants to purchase any shares of our Class A common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of our Class A common stock. J.P. Morgan Securities LLC may, in its sole discretion, release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice.

In order to facilitate the offering of our shares of Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. Specifically, the underwriters may sell more shares of Class A common stock than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares of Class A common stock available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares of Class A common stock in the open market. In determining the source of our shares of Class A common stock to close out a covered short sale, the underwriters will consider, among other things, the open market price of our common stock compared to the price available under the over-allotment option. The underwriters may also sell our shares of Class A common stock in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing our shares of Class A common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for,

and purchase, our shares of Class A common stock in the open market to stabilize the price of our common stock. These activities may raise or maintain the market price of our common stock above independent market levels or prevent or retard a decline in the market price of our common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of our shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price was determined by negotiations among us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Conflicts of Interest

As described in "*Use of Proceeds*" and "*Certain Relationships and Related Party Transactions—Purchase of LLC Units*," a portion of the net proceeds from this offering will be received by the Margin Loan Parties, who are certain of our directors and officers. A portion of the proceeds received by the Margin Loan Parties, in an amount greater than 5% of the total net proceeds in this offering, will be used to repay borrowings by the Margin Loan Parties under certain margin loans with an affiliate of UBS Securities LLC. Because UBS Securities LLC is an underwriter in this offering and one of its affiliates will receive 5% or more of the net proceeds from the sale of our Class A common stock in this offering, UBS Securities LLC is deemed to have a "conflict of interest" under Rule 5121 of FINRA. Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. UBS Securities LLC will not confirm sales of our Class A common stock in this offering to any account over which it exercises discretionary authority without the specific written approval of the account holder.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such

securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments. In addition, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, one of the underwriters in this offering, is the administrative agent, the collateral agent, and a lender under our Revolving Credit Facility.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each, a "Member State"), no offer of shares of our Class A common stock may be made to the public in that Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and us that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Member State means the communication in any form and by means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or by the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*.

The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code *monétaire et financier*.

Canada

Our shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of our shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Our shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to our shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to our shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our shares may not be circulated or distributed, nor may our shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where our shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired our shares under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

Our shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. Our shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia ("Corporations Act")) in relation to the shares has been or will be lodged with the Australian Securities & Investments Commission ("ASIC"). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

i. a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

ii. a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

iii. a person associated with the company under section 708(12) of the Corporations Act; or

iv. a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of the common shares for resale in Australia within 12 months of the common shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Chile

The shares are not registered in the Securities Registry (*Registro de Valores*) or subject to the control of the Chilean Securities and Exchange Commission (*Superintendencia de Valores y Seguros de Chile*). This prospectus and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Dubai

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers.

The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the issuance of the shares of Class A common stock offered hereby will be passed upon for SmileDirectClub, Inc. by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

EXPERTS

The consolidated financial statements of SDC Financial, LLC and subsidiaries as of and for the years ended December 31, 2018 and 2017, appearing in this Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

CHANGE IN PRINCIPAL ACCOUNTANT

In 2018, SDC Financial decided to engage new auditors as our independent accountants to audit its financial statements. SDC Financial's board of directors approved the change of accountants to Ernst & Young LLP. Accordingly, we dismissed Crowe Horwath LLP on November 8, 2018.

During our two most recent fiscal years, and any subsequent interim periods preceding the change in accountants, there were no disagreements with Crowe Horwath on any matter of accounting principles or practices, financial statement disclosure, or auditing scope procedure. The report of the financial statements prepared by Crowe Horwath, for the 2017 fiscal year did not contain an adverse opinion or a disclaimer or opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles.

A letter from Crowe Horwath confirming the above statement was provided to the Securities and Exchange Commission on , 2019 and filed as Exhibit 16.1 to this registration statement.

We have engaged Ernst & Young as of November 8, 2018. During the last two fiscal years and any subsequent periods preceding their engagement, Ernst & Young was not consulted on any matter relating to accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC, a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered by this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules. You can find further information about us in the registration statement and its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement, with each such statement being qualified in all respects by reference to the document to which it refers. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. You may inspect these reports and other information without charge at the SEC's website (http://www.sec.gov).

Upon the completion of this offering, we will become subject to the informational requirements of the Exchange Act, as amended, and will be required to file periodic current reports, proxy statements and other information with the SEC. You will be able to inspect this material without charge at the SEC's website. We intend to furnish our stockholders with annual reports containing financial statements audited by an independent accounting firm.

In addition, following the completion of this offering, we will make the information filed with or furnished to the SEC available free of charge through our website (http://www.SmileDirectClub.com) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained in, or that can be accessed through, our website is not incorporated by reference and is not part of this prospectus.

INDEX TO FINANCIAL STATEMENTS

SDC Financial, LLC

Report of Independent Registered Public Accounting Firm

To the Members and the Board of Directors of SDC Financial, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SDC Financial, LLC and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.
Nashville, Tennessee
April 26, 2019

SDC FINANCIAL, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(in thousands)

	December 31	
	2018	2017
Cash	$ 313,929	$ 4,071
Accounts receivable	113,934	33,741
Inventories	8,781	2,723
Prepaid and other current assets	5,782	2,378
Total current assets	442,426	42,913
Accounts receivable, non-current	60,217	11,600
Property, plant and equipment, net	52,551	11,893
Total assets	**$ 555,194**	**$ 66,406**
Accounts payable	$ 25,250	$ 7,916
Accrued liabilities	34,939	13,944
Due to related parties	20,305	14,721
Deferred revenue	19,059	12,437
Current portion of related party debt	16,054	15,270
Current portion of long-term debt	1,866	—
Total current liabilities	117,473	64,288
Long term debt, net of current portion	137,123	—
Long-term related party debt	1,799	35,397
Other long term liabilities	602	575
Total liabilities	256,997	100,260
Commitment and contingencies		
Redeemable Series A Preferred Units	388,634	—
Member deficit	(90,752)	(34,169)
Warrants	315	315
Total members' deficit	(90,437)	(33,854)
Total liabilities, Redeemable Series A Preferred Units and members' deficit	**$ 555,194**	**$ 66,406**

The accompanying notes are an integral part of these Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Consolidated Statements of Operations

For the years ended December 31, 2018 and 2017

(in thousands, except per unit data)

	December 31	
	2018	2017
Revenue, net	$ 398,127	$ 140,268
Financing revenue	25,107	5,686
Total revenues	423,234	145,954
Cost of revenues	98,048	35,365
Cost of revenues—related parties	35,920	28,646
Total cost of revenues	133,968	64,011
Gross profit	289,266	81,943
Marketing and selling expenses	213,080	64,243
General and administrative expenses	121,743	48,202
Loss from operations	(45,557)	(30,502)
Interest expense	12,532	—
Interest expense—related parties	1,173	2,148
Other expense	15,148	—
Net loss before provision for income tax expense	(74,410)	(32,650)
Provision for income tax expense	361	128
Net loss	$ (74,771)	$ (32,778)
Pro forma net loss and per share information (unaudited)		
Pro forma provision for income taxes		
Pro forma net loss		
Pro forma basic and diluted net loss per share		
Pro forma weighted average shares outstanding—basic and diluted		

The accompanying notes are an integral part of these Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Consolidated Statements of Members' Deficit

For the years ended December 31, 2018 and 2017

(in thousands, except unit data)

	Members' Deficit		Warrants		
	Units	Amount	Units	Amount	Total
Balances at January 1, 2017	**109,529**	**$ (7,209)**	**369**	**$ 315**	**$ (6,894)**
Sales of member units	2,153	12,764	—	—	12,764
Redemption of member units	(2,153)	(12,396)	—	—	(12,396)
Unitholder distribution	—	(1,410)	—	—	(1,410)
Forfeiture of unvested member units	(2,679)	—	—	—	—
Grant of incentive member units	2,191	—	—	—	—
Equity-based compensation	—	6,860	—	—	6,860
Net loss	—	(32,778)	—	—	(32,778)
Balances at December 31, 2017	**109,041**	**$ (34,169)**	**369**	**$ 315**	**$ (33,854)**
Sale of member units, net	—	—	—	—	
Redemption of member units	(271)	(1,544)	—	—	(1,544)
Unitholder distribution	—	(21)	—	—	(21)
Grant of incentive member units	108	—	—	—	—
Tax distributions paid	—	(86)	—	—	(86)
Equity-based compensation	—	19,839	—	—	19,839
Net loss	—	(74,771)	—	—	(74,771)
Balances at December 31, 2018	**108,878**	**$ (90,752)**	**369**	**$ 315**	**$ (90,437)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(in thousands)

	December 31	
	2018	2017
Operating Activities		
Net loss	$ (74,771)	$ (32,778)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,861	2,513
Deferred loan cost amortization	4,319	
Accrued interest to related parties	1,152	1,095
Fair value adjustment of warrant derivative	14,500	—
Equity-based compensation	19,839	6,860
Other non-cash operating activities	646	119
Changes in operating assets and liabilities:		
Accounts receivable	(128,811)	(35,804)
Inventories	(6,058)	(721)
Prepaid and other current assets	(4,612)	(2,000)
Accounts payable	24,449	2,307
Accrued liabilities	13,494	14,380
Due to related parties	5,584	13,925
Deferred revenue	6,622	(164)
Net cash used in operating activities	(114,786)	(30,268)
Investing Activities		
Purchases of property and equipment—related parties	(15,135)	(3,437)
Purchases of property and equipment	(26,706)	(6,590)
Net cash used in investing activities	(41,841)	(10,027)
Financing Activities		
Proceeds from sale of Series A units	400,212	—
Payments of Series A offering costs	(11,578)	—
Proceeds from the sale of member units	—	12,764
Member tax distributions	(86)	—
Redemptions of member units	—	(1,602)
Unitholder advance	—	(1,398)
Borrowings on long-term debt	117,375	36,000
Payments of issuance costs	(3,514)	—
Principal payments on related party debt	(35,532)	(7,799)
Payments on other long-term liabilities	(392)	—
Net cash provided by financing activities	466,485	37,965
Increase in cash	309,858	(2,330)
Cash at beginning of year	4,071	6,401
Cash at end of year	$ 313,929	$ 4,071

The accompanying notes are an integral part of these Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies

Business Description

SDC Financial, LLC ("SDC Financial") is a Tennessee limited liability company and wholly owns SmileDirectClub, LLC (a Tennessee limited liability company) and Access Dental Lab, LLC (a Tennessee limited liability company), collectively herein referred to as (the "Company", "we", "our"). The Company's direct-to-consumer model provides customers with a customized clear aligner therapy treatment delivered through its teledentistry platform. The Company integrates the marketing, aligner manufacturing, and fulfillment, and provides a proprietary web-based teledenstistry platform for the monitoring of treatment by licensed dentists and orthodontists through the completion of a member's treatment. The Company is headquartered in Nashville, Tennessee and has locations throughout the U.S, Puerto Rico, Canada, and Costa Rica.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of SDC Financial and its wholly-owned subsidiaries, as well as accounts of contractually affiliated professional corporations ("PC's") managed by the Company.

The consolidated financial statements include the accounts of variable interest entities in which the Company is the primary beneficiary under the provisions of Accounting Standards Codification ("ASC") Topic 810, *Consolidation*. At December 31, 2018, the variable interest entities include 31 dentist owned PC's and at December 31, 2017 the variable interest entities included 44 dentist owned PC's. The Company is a dental service organization and does not engage in the practice of dentistry. All clinical services are provided by dentists and orthodontists who are employed as independent contractors or otherwise engaged by the dentist-owned PC's. The Company contracts with the PC's and dentists and orthodontists through a suite of agreements, including but not limited to, management services agreements, supply agreements, and licensing agreements, pursuant to which the Company provides the administrative, non-clinical management services to the PC's and independent contractors. The Company has the contractual right to manage the activities that most significantly impact the variable interest entities' economic performance through these agreements without engaging in the corporate practice of dentistry. Additionally, the Company would absorb the substantially all of the expected losses of these entities should they occur. The accompanying consolidated statements of operations reflect the revenue earned and the expenses incurred by the PC's.

All significant intercompany balances and transactions are eliminated in consolidation.

Management Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that impact the reported amounts. On an ongoing basis, the Company evaluates its estimates, including those related to the fair values of financial instruments, useful lives of property, plant and equipment, revenue recognition, equity-based compensation, long-lived assets, and contingent liabilities, among others. Each of these estimates varies in regard to the level of judgment involved and its potential impact on the Company's financial results. Estimates are considered critical either when a different estimate could have reasonably been used, or where changes in the estimate are reasonably likely

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

to occur from period to period, and such use or change would materially impact the Company's financial condition, results of operations, or cash flows. Actual results could differ from those estimates.

Revenue Recognition

The Company's revenues are derived primarily from sales of aligners, impression kits, whitening gel, and retainers. Revenue is recorded for all customers based on the amount that is expected to be collected, which considers implicit price concessions, discounts and returns. The Company adopted ASC 606, "*Revenue from Contracts with Customers"* which outlines a single comprehensive model for recognizing revenue as performance obligations are transferred to the customer in exchange for consideration. This standard also requires expanded disclosures regarding the Company's revenue recognition policies and significant judgments employed in the determination of revenue. The Company adopted this standard effective January 1, 2017.

The Company identifies a performance obligation as distinct if both of the following criteria are met: the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. Determining the standalone selling price ("SSP") and allocation of consideration from a contract to the individual performance obligations, and the appropriate timing of revenue recognition, is the result of significant qualitative and quantitative judgments. Management considers a variety of factors such as historical sales, usage rates (the number of times a customer is expected to order additional aligners), costs, and expected margin, which may vary over time depending upon the unique facts and circumstances related to each performance obligation, in making these estimates. Further, the Company's process for estimating usage rates requires significant judgment and evaluation of inputs, including historical data and forecasted usages. Changes in the allocation of the SSP between performance obligations will not affect the amount of total revenues recognized for a particular contract. The Company uses the expected cost plus a margin approach to determine the SSP for performance obligations, and discounts are allocated to each performance obligation based on the relative standalone selling price. However, any material changes could impact the timing of revenue recognition, which may have a material effect on the Company's financial position and result of operations as the contract consideration is allocated to each performance obligation, delivered or undelivered, at the inception of the contract based on the SSP of each distinct performance obligation.

The Company estimates the amount expected to be collected based upon management's assessment of historical write-offs and expected net collections, business and economic conditions and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections as a primary source of information in estimating the amount of contract consideration expected to be collected and implicit price concessions. The Company believes its analysis provides reasonable estimates of its revenues and valuations of our accounts receivable. For the years ended December 31, 2018 and 2017, estimated implicit price concessions reduced contractual revenues by $46,554 and $16,826, respectively.

A description of the revenue recognition for each product sold by the Company is detailed below.

Aligners and impression kits: The Company enters into contracts with customers for aligner sales that involve multiple future performance obligations. Prior to September 2017, the Company manufactured and

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

delivered its aligners in multiple stages. Subsequent to September 2017, the Company manufactures and ships to a customer all aligners initially prescribed at the beginning of the treatment plan. In the event that a refinement or mid-course correction is prescribed, the Company will ship additional aligners as needed. The Company determined that aligner sales comprise the following distinct performance obligations: initial aligners, modified aligners, and refinement aligners which can occur at any time throughout the treatment plan (which is typically between five to ten months) upon the direction of and prescription from the treating dentist or orthodontist. The Company recognized $390,505 and $139,060 of aligner sales during the year ended December 31, 2018 and 2017, respectively.

The Company allocates revenues for each performance obligation based on it's SSP and recognizes the revenues as control of the performance obligation is transferred upon shipment of the aligners. The Company recognizes aligner revenue on amounts expected to be collected during the course of the treatment plan.

The Company bills its customers either upfront for the full cost of aligners or monthly through its *SmilePay* financing program, which involves a down payment and a fixed amount per month for up to 24 months. The Company's accounts receivable related to the SmilePay financing program are reported at the amount expected to be collected on the consolidated balance sheets, which considers implicit price concessions. Financing revenue from its accounts receivable is recognized based on the contractual market interest rate with the customer. The Company recognized $25,107 and $5,686 of financing revenue from its *SmilePay* program during the years ended December 31, 2018 and 2017, respectively, which is included in the consolidated statements of operations. There are no fees or origination costs included in accounts receivable.

The Company sells impression kits to its customers as an alternative to an in-person visit at one of its retail locations where the customer receives a free oral digital imaging of their teeth. The Company combines the sales of its impression kits with aligner sales and recognizes the revenues as control of the performance obligation is transferred upon shipment of the aligners. The Company estimates the amount of impression kit sales that do not result in an aligner therapy treatment plan and recognizes such revenue when aligner conversion becomes remote.

Retainers and Other Products: The Company sells retainers and other products (such as whitening gel) to customers which can be purchased on the Company's website. The sales of these products are independent and separate from the customer's decision to purchase aligner therapy treatment. The Company determined that the transfer of control for these performance obligations occurs as the title of such products passes to the customer.

Deferred Revenue: Deferred revenue represents the Company's contract liability for performance obligations associated with sales of aligners. During the years ended December 31, 2018 and 2017, the Company recognized $423,234 and $145,954 of revenue, respectively, of which $12,437 and $12,601 was previously included in deferred revenue on the consolidated balance sheets as of December 31, 2017 and 2016, respectively.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Shipping and Handling Costs

Shipping and handling charges are recorded in cost of revenues in the consolidated statements of operations upon shipment. The Company incurred approximately $10,500 and $6,200 in outsourced shipping expenses for the years ended December 31, 2018 and 2017, respectively.

Cost of Revenues

Cost of revenues includes the total cost of products produced and sold. Such costs include direct materials, direct labor, overhead costs (occupancy costs, indirect labor, and depreciation), freight and duty expenses associated with moving materials from vendors to the Company's facilities and from its facilities to the customers, and adjustments for shrinkage (physical inventory losses), lower of cost or net realizable value, slow moving product and excess inventory quantities.

Marketing and Selling Expenses

Marketing and selling expenses include direct online and offline marketing and advertising costs, costs associated with intraoral imaging services, selling labor, and occupancy costs of SmileShop locations. All marketing and selling expenses are expensed as incurred. For the years ended December 31, 2018 and 2017, the Company incurred direct online and offline marketing and advertising costs of $153,645 and $54,067, respectively.

General and Administrative Expenses

General and administrative expenses include payroll and benefit costs for corporate team members, equity-based compensation expenses, occupancy costs of corporate facilities, bank charges and costs associated with credit and debit card interchange fees, outside service fees, and other administrative costs, such as computer maintenance, supplies, travel, and lodging.

Equity-Based Compensation

The Company recognizes equity-based compensation for units expected to vest for employees and non-employees on a straight-line basis over the requisite service period of the award. For employee awards, the Company determined the grant date fair value of the awards by estimating the total equity value by considering the future cash flows of the Company and the market multiples of companies engaged in similar businesses. The total equity value was allocated to the various classes of member units and warrants using the contingent claim analysis based on the Merton framework. For non-employee awards, the Company recognizes compensation based on the vesting date fair value of the awards using the same method as described above. Forfeitures are recorded as incurred. The assumptions used in calculating the fair value of equity-based awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change and the Company uses different assumptions, its equity-based compensation could be materially different in the future.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Depreciation and Amortization

Depreciation includes expenses related to the Company's property, plant and equipment, including capital leases. Amortization includes expenses related to definite-lived intangible assets. Depreciation and amortization is calculated using the straight-line method over the useful lives of the related assets, ranging from three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the related lease terms or their useful lives. Depreciation and amortization is included in cost of revenues, selling expenses, and general and administrative expenses depending on the purpose of the related asset. Depreciation and amortization for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Cost of revenues	$ 4,719	$ 1,144
Marketing and selling expenses	1,429	208
General and administrative expenses	2,713	1,161
Total	$ 8,861	$ 2,513

Income Taxes

As a limited liability company, SDC Financial files its income tax returns as a partnership for federal and state tax purposes. As such, SDC Financial does not pay any federal income taxes, as any income or loss will be included in the tax returns of the individual members. The Company does pay state income tax in certain jurisdictions, and the Company's income tax provision in the consolidated financial statements reflects the income taxes for those states. Additionally, certain wholly-owned entities are required to be looked at on a stand-alone basis resulting in federal income taxes, and such federal income taxes are included in the consolidated financial statements.

Fair Value of Financial Instruments

The Company measures the fair value of financial instruments as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1	—	Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2	—	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
Level 3	—	Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company's financial instruments consist of cash, receivables, accounts payable, debt instruments, derivative financial instruments and preferred units classified as temporary equity. Due to their short-term nature, the carrying values of cash, receivables, trade payables, and debt instruments approximate current fair value at each balance sheet date. The derivative financial instruments are held at fair value, and the preferred units are recorded at the accreted redemption value. The Company had $144,400 and $41,700 in borrowings under its debt facilities (as discussed in Note 8) as of December 31, 2018 and 2017, respectively. Based on current market interest rates (Level 2 inputs), the carrying value of the borrowings under its debt facilities approximates fair value for each period reported.

Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with applicable accounting standards for such instruments and hedging activities, which require that all derivatives are recorded on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company had no outstanding derivatives at December 31, 2018 or 2017; however, the Company may enter into derivative contracts that are intended to economically hedge a certain portion of its risk, even though hedge accounting does not apply or the Company elects not to apply the hedge accounting standards.

Certain Risks and Uncertainties

The Company's operating results depend to a significant extent on the ability to market and develop its products. The life cycles of the Company's products are difficult to estimate due, in part, to the effect of

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

future product enhancements and competition. The inability to successfully develop and market the Company's products as a result of competition or other factors would have a material adverse effect on its business, financial condition and results of operations.

The Company provides credit to customers in the normal course of business. The Company maintains reserves for potential credit losses and such losses have been within management's expectations. No individual customer accounted for 1% or more of the Company's accounts receivable at December 31, 2018 or 2017, or net revenue for the years ended December 31, 2018 and 2017.

The Company's products are considered medical devices and are subject to extensive regulation in the U.S. and internationally. The regulations to which the Company is subject are complex. Regulatory changes could result in restrictions on the ability to carry on or expand its operations, higher than anticipated costs or lower than anticipated sales. The failure to comply with applicable regulatory requirements may have a material adverse impact on us.

The Company's reliance on international operations exposes it to related risks and uncertainties, including difficulties in staffing and managing international operations, such as hiring and retaining qualified personnel; political, social and economic instability; interruptions and limitations in telecommunication services; product and material transportation delays or disruption; trade restrictions and changes in tariffs; import and export license requirements and restrictions; fluctuations in foreign currency exchange rates; and potential adverse tax consequences. If any of these risks materialize, our operating results, may be harmed.

The Company purchases certain inventory from sole suppliers, and the inability of any supplier or manufacturer to fulfill the supply requirements could materially and adversely impact its future operating results.

Cash

Cash consists of all highly-liquid investments with original maturities of less than three months. Cash is held in various financial institutions in the U.S. and internationally.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out method of inventory accounting. Inventory consists of raw materials for producing impression kits and aligners and finished goods. Inventory is net of shrinkage and obsolescence.

Property, Plant and Equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Routine maintenance and repairs are charged to expense as incurred. At the time property, plant and equipment are retired from service, the cost and accumulated depreciation or amortization are removed from the respective accounts and the related gains or losses are reflected in the consolidated statements of operations.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Leases

Assets under capital leases are amortized in accordance with the Company's normal depreciation policy for owned assets or over the lease term, if shorter, and the related charge to operations is included in depreciation expense in the consolidated statements of operations.

The Company leases office spaces and equipment under operating leases with original lease periods of up to 10 years. Certain of these leases have free or escalating rent payment provisions and lease incentives provided by the landlord. Rent expense is recognized under such leases on a straight-line basis over the term of the lease. The Company occasionally receives reimbursements from landlords to be used towards improving the related store to be leased. Leasehold improvements are recorded at their gross costs, including items reimbursed by landlords. Related reimbursements are deferred and amortized on a straight-line basis as a reduction of rent expense over the applicable lease term.

Internally Developed Software Costs

The Company generally provides services to its customers using software developed for internal use. The costs that are incurred to develop such software are expensed as incurred during the preliminary project stage. Once certain criteria have been met, direct costs incurred in developing or obtaining computer software are capitalized. Training and maintenance costs are expensed as incurred. Capitalized software costs are included in property, plant and equipment in the consolidated balance sheets and are amortized over a three-year period. During the years ended December 31, 2018 and 2017, the Company capitalized $5,200 and $300, respectively, of internally developed software costs. Amortization expense for internally developed software was $667 and $0 for the years ended December 31, 2018 and 2017, respectively.

Impairment

The Company evaluates long-lived assets (including finite-lived intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. An asset or asset group is considered impaired if its carrying amount exceeds the future undiscounted net cash flows that the asset or asset group is expected to generate. Factors the Company considers important which could trigger an impairment review include significant negative industry or economic trends, significant loss of customers and changes in the competitive environment. If an asset or asset group is considered to be impaired, the impairment to be recognized is calculated as the amount by which the carrying amount of the asset or asset group exceeds its fair market value. The Company's estimates of future cash flows attributable to long-lived assets require significant judgment based on its historical and anticipated results and are subject to many assumptions. The estimation of fair value utilizing a discounted cash flow approach includes numerous uncertainties which require significant judgment when making assumptions of expected growth rates and the selection of discount rates, as well as assumptions regarding general economic and business conditions, and the structure that would yield the highest economic value, among other factors.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Debt Issuance Costs

The Company records debt issuance costs related to its term debt as direct deductions from the carrying amount of the debt. The costs are amortized to interest expense over the life of the debt using the effective interest method.

Redeemable Series A Preferred Units

SDC Financial classified its Redeemable Series A Preferred Units ("Series A Units") as temporary equity on the consolidated balance sheet due to certain deemed liquidation events that are outside of its control. The Company evaluated the Series A Units upon issuance in order to determine classification as to permanent or temporary equity and whether or not the instrument contains an embedded derivative that requires bifurcation. This analysis followed the whole instrument approach which compares an individual feature against the entire instrument that includes that feature. This analysis was based on a consideration of the economic characteristics and risk of the Series A Units including: (i) redemption rights on the Series A Units allowing the Series A Unitholders the ability to redeem the Series A Units six years from the anniversary of the Series A Units original issuance, provided that a qualified public offering has not been consummated prior to such date; (ii) conversion rights that allow the Series A Unitholders the ability to convert into common member units at any time; (iii) the Series A Unitholders may vote based on the combined membership percentage interest; and (iv) distributions of the preferred return on the Series A Units are subject to the same conditions as non-Series A Unit distributions which require all distributions to be approved by SDC Financial's board of directors.

The Company has elected the accreted redemption value method in which it will accrete changes in the redemption value, as defined in Note 9, over the period from the date of issuance of the Series A Units to the earliest redemption date (six years from the date of issuance) using the effective interest method.

Note 2—Recent Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." ASU 2014-09 amends the guidance for revenue recognition to replace numerous, industry-specific requirements and converges areas under this topic with those of the International Financial Reporting Standards. The ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The Company adopted the guidance as of January 1, 2017 by applying the full retrospective method. The Company elected to take the practical expedient to exclude from the transaction price all taxes assessed by a governmental authority. The adoption of ASU 2014-09 did not have a material impact on the Company's consolidated statements of operations or consolidated statements of cash flows.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 2—Recent Accounting Pronouncements (Continued)

New Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842).*" This update requires a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. In July 2018, ASU 2018-10, "*Codification Improvements to Topic 842, Leases*," was issued to provide more detailed guidance and additional clarification for implementing ASU 2016-02. Furthermore, in July 2018, the FASB issued ASU 2018-11, "*Leases (Topic 842): Targeted Improvements*," which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. These new leasing standards are effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the effect of the adoption of this guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments—Credit Losses" (Topic 326).*" The FASB issued this update to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments in this update replace the existing guidance of incurred loss impairment methodology with an approach that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In November 2018, the FASB issued ASU 2018-19, "*Codification Improvements to Topic 326, Financial Instruments—Credit Losses*," which clarifies the scope of guidance in the ASU 2016-13. The updated guidance is effective for annual periods beginning after December 15, 2020. Early adoption of the update is permitted in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In August 2017, the FASB issued ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,*" which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements. This update expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. Additionally, the amendments in ASU 2017-12 provide new guidance about income statement classification and eliminates the requirement to separately measure and report hedge ineffectiveness. This guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The amendments in ASU 2017-12 require that an entity with cash flow or net investment hedges existing at the date of adoption apply a cumulative-effect adjustment to eliminate the separate measurement of ineffectiveness to the opening balance of retained earnings as of the beginning of the fiscal year in which the entity adopts this guidance. The amended presentation and disclosure guidance should be adopted prospectively. The Company is currently assessing the impact that adoption of this guidance will have on its consolidated financial statements and related disclosures.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 2—Recent Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-07, "*Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting,"* which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. This guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*," which amends the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This guidance is effective for years beginning after December 15, 2020, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*." This update clarifies the accounting treatment for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. This guidance is effective for years beginning after December 15, 2020, with early adoption permitted. The amendments may be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently assessing the impact that adoption of this guidance will have on its consolidated financial statements and related disclosures.

Note 3—Inventories

Inventories are comprised of the following at December 31:

	2018	2017
Raw materials	$ 3,486	$ 1,957
Finished goods	5,295	766
Total inventories	8,781	2,723

Note 4—Prepaid and other current assets

Prepaid and other current assets are comprised of the following at December 31:

	2018	2017
Prepaid expenses	$ 2,642	$ 1,716
Deposits to vendors	2,822	578
Other	318	84
Total prepaid and other current assets	$ 5,782	$ 2,378

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 5—Property, plant and equipment, net

Property, plant and equipment are comprised of the following at December 31:

	2018	2017
Lab and SmileShop equipment	$ 30,627	$ 6,584
Computer equipment and software	14,748	3,241
Leasehold improvements	7,208	2,703
Furniture and fixtures	5,174	1,579
Vehicles	721	—
Construction in progress	6,031	939
	64,509	15,046
Less: accumulated depreciation	(11,958)	(3,153)
Property, plant and equipment, net	$ 52,551	$ 11,893

The carrying values of assets under capital leases were $6,285 and $0 as of and December 31, 2018, and December 31, 2017, respectively, net of accumulated depreciation of $582 and $0, respectively.

Note 6—Accrued liabilities

Accrued liabilities are comprised of the following at December 31:

	2018	2017
Accrued marketing costs	$ 11,760	$ 3,801
Accrued payroll and payroll related expenses	10,469	3,965
Other	12,710	6,178
Total accrued liabilities	$ 34,939	$ 13,944

Note 7—Income taxes

SDC Financial and its subsidiaries are limited liability companies and have elected to be taxed as partnerships for federal income tax purposes with the exception of a subsidiary, SDC Holding, LLC, that is treated like a corporation. While most states do not impose an entity level tax on partnership income, SDC Financial is subject to entity level tax in both Tennessee and Texas. The Company also has operations in Costa Rica, Puerto Rico and Canada with tax filings in each foreign jurisdiction. Accordingly, the Company files income tax returns in the U.S. federal, various state and foreign jurisdictions. The Company's U.S. federal and state income tax returns for the tax years 2015 and beyond remain subject to examination by the IRS. With respect to state and local jurisdictions, SDC Financial and its subsidiaries are typically subject to examination for several years after the income tax returns have been filed.

The Company's operations in Costa Rica are subject to agreements allowing for a 0% income tax rate for eight years ending in 2025.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 7—Income taxes (Continued)

The Company recognizes interest and penalties related to income tax matters in income tax expense, and such amounts were not significant to the consolidated statements of operations. The income tax provision for the years ended December 31, 2018 and 2017, respectively, was as follows:

	2018	2017
Current:		
Federal	$ 101	$ 43
State	204	85
Foreign	—	—
Current income tax provision	305	128
Deferred:		
Federal	—	—
State	56	—
Foreign	—	—
Deferred income tax provision	56	—
Total income tax provision	$ 361	$ 128

Significant components of the Company's deferred tax assets (liabilities) as of December 31, 2018 and 2017 were as follows:

	2018	2017
Depreciation and amortization	$ (984)	$ (26)
Deferred revenue	697	413
Accruals and reserves	508	468
Net operating loss carryforwards	2,259	602
Deferred warrant expense	191	—
Other	(5)	(7)
Gross deferred tax assets and (liabilities)	2,666	1,450
Valuation allowance	(2,722)	(1,450)
Net deferred tax assets and (liabilities)	$ (56)	$ —

At December 31, 2018 the Company had net operating loss carryforwards (tax effected) for income tax purposes of approximately $2,259, which expire from 2029 through 2033.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt

The Company's debt and capital lease obligations are comprised of the following at December 31:

	2018	2017
TCW financing agreement, net of unamortized discount and financing costs of $19,719	$ 100,781	$ —
Warrant repurchase obligation	31,900	—
Capital lease obligations (Note 14)	6,308	—
Total debt	138,989	—
Less current portion	(1,866)	—
Total long-term debt	$ 137,123	$ —

Annual maturities of long-term debt, excluding capital lease obligations and debt discounts, are as follows:

	TCW Credit Facility	Warrant Repurchase	Total
2019	$ —	$ —	$ —
2020	—	—	—
2021	—	—	—
2022	—	—	—
2023	120,500	31,900	152,400
Total	$ 120,500	$ 31,900	$ 152,400

TCW financing agreement

In February 2018 the Company entered into a financing agreement with TCW Direct Lending ("TCW Credit Facility") to provide a debt facility to the Company. The TCW Credit Facility provides for an initial term loan of $55,000 ("Initial Term Loan") and the potential to draw up to an additional $70,000 ("Delayed Draw Facility"). The Initial Term Loan and the Delayed Draw Facility mature February 2023. At the Company's election, the Initial Term Loan and the Delayed Draw Facility will bear interest at an annual rate of LIBOR or reference rate, as defined in the agreement, plus an applicable margin that is based on the Company's leverage (8% margin for the year ending December 31, 2018). The TCW Credit Facility also includes make-whole provisions in case of termination of the facility.

The purpose of the TCW Credit Facility was to repay outstanding amounts under the Align Loan (see Note 13), for working capital and other corporate purposes.

The TCW Credit Facility is secured by a first mortgage and lien on the real property and related personal and intellectual property of the Company.

The Company recorded $3,514 and $3,125 of deferred financing costs and issuance discounts, respectively, related to the TCW Credit Facility. During the year ended December 31, 2018, the Company amortized under the effective interest rate method $4,319 of deferred financing and debt issuance costs which is included in interest expense on the consolidated statements of operations.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt (Continued)

In December 2018, the Company entered into an amendment to the TCW Credit Facility ("Amended Credit Facility") which added and amended certain terms of the Initial Term Loan, including the quarterly revenue and profit targets, and issued the warrant repurchase obligation (described further below).

In addition, the Amended Credit Facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The Company is limited on dividends or distributions on equity interest for any subsidiary or pay any subordinated indebtedness owed to the Company or any of its subsidiaries. The Company is also limited on investments in subsidiaries to $10,000 ($5,000 in foreign subsidiaries), and the subsidiaries of the Company are limited to pay SDC Financial expenses in the amount of $500 per annum. The material financial covenants, ratios or tests contained in the TCW Credit Facility are as follows:

- The Company must obtain certain quarterly consolidated revenue and profit targets in certain periods, as defined in the agreement.
- The Company must maintain a delinquency rate on its receivables not to exceed 22.5%.
- The Company must maintain a minimum liquidity, as defined in the agreement, of at least $5,000.

If an event of default shall occur and be continuing under the TCW Credit Facility, the commitments under the TCW Credit Facility may be terminated and the principal amount outstanding under the TCW Credit Facility, together with all accrued unpaid interest and other amounts (including any make-whole provisions) owing in respect thereof, may be declared immediately due and payable.

As of December 31, 2018, the Company had $55,000 and $65,500 outstanding under the Initial Term Loan and the Delayed Draw Facility, respectively, and was in compliance with all covenants in the Amended Credit Facility.

Warrant and Warrant Repurchase Obligation

In February 2018, SDC Financial issued, concurrently with the TCW Credit Facility, warrants to the lenders thereunder (collectively, the "Warrants"). The Warrants were split into two series: Class W-1 and Class W-2 Warrants. The Class W-1 and Class W-2 Warrants were convertible in to 1,121 and 2,243 W-1 and W-2 membership units, respectively, with each having a conversion price of $297.26 per unit.

Prior to the Company entering the Amended Credit Facility, the Warrants included put and call options; whereby, the Company could either purchase up to 75% of the outstanding Warrants, or the Warrant holders could require the Company to purchase up to 100% of the Warrants. The Company had initially accounted for the Warrants as a derivative which was initially recorded at fair value of $17,400 and adjusted subsequently resulting in additional expense of $14,500 which is included in other expense in the consolidated statement of operations.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt (Continued)

The Amended Credit Facility cancelled the put and call features of the Warrants, eliminated the convertibility of the Warrants into member equity units, and the Company agreed it would repurchase the Warrants for a fixed amount, subject to interest ("Warrant Repurchase Obligation"). The price at which the Company will repurchase the Warrant Repurchase Obligation is $31,900 and if the payment occurs after March 31, 2019, interest is accrued under the Initial Term Loan, and such interest shall be added to the principal amount of the Initial Term Loan. If the Warrant Repurchase Obligation is not repaid prior to November 15, 2019, the entire repurchase price and any interest earned shall be added to the principal amount of the Initial Term Loan which matures in 2023. The Warrant Repurchase Obligation is classified as long-term debt on the consolidated balance sheet as of December 31, 2018.

Note 9—Redeemable Series A Preferred Units

In October 2018, SDC Financial issued 14,784 Redeemable Series A Preferred Units ("Series A Units") for net proceeds of $388,634, after deduction of $11,578 in issuance costs. The redemption value for each Series A Units is equal to the greater of (i) the original unit price less any distributions for such Series A Unit and (ii) the fair value for such Series A Unit. The Series A Unitholders may redeem the Series A Units six years after the issuance date; provided, that a liquidation event has not been consummated prior to such date. The Series A Units are convertible to common membership units at any time based upon the election of the Series A Unitholders or on a qualified public offering based on a conversion price of $27,071 per unit. Each Series A Unitholder shall vote in accordance with such member's percentage interest. Additionally, the Series A Unitholders receive priority on preferred returns and return of capital on any member distributions.

The Series A Units accrue a preferred return at the rate of 12.5% per annum, which amount shall be cumulative and compound annually. As of December 31, 2018, the accrued preferred returns were $13,676. The distributions of the preferred return on the Series A Units are subject to the same conditions as non-Series A Unit distributions which require all distributions to be approved by SDC Financial's board of directors. For the year ended December 31, 2018, SDC Financial had not declared nor paid any preferred returns on the Series A Units. Additionally, there are certain actions that require a majority consent by the Series A Unitholders, and the Series A Unitholders have the right to select a member of the Company's board of directors.

The Company classified the Series A Units containing the redemption features described above as temporary equity in the consolidated balance sheets as redemption is outside the control of the Company. The Series A Units are recorded at the redemption value and the Company accounts for the changes in the redemption value using the accretion method which is recorded through members' equity. There was no change in the redemption value of the Series A Units in 2018.

At the Company's discretion, the Company may distribute approximately $200,000 of the proceeds from the issuance of the Series A Units to non-Series A Unitholders. No such distribution was made during the year ended December 31, 2018.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 10—Members' Equity

The SDC Financial operating agreement, as amended and restated, provides for classes of units, allocation of profits and losses, distribution preferences, and other member rights. The operating agreement allows for common units, Class A, Class B, Class C, Class D, and Series A units. Each unitholder generally votes separately as a class. Proposals require a majority vote for approval, and proposals for dissolution, liquidation or termination also require a majority vote of the preferred units voting as a class and a majority of the common units voting as a class. Members are limited in their liability to their capital contributions. Refer Note 9 for Series A Unitholder rights.

The Class A and Class B incentive units have various vesting provisions and have been determined to be equity instruments. At December 31, 2018, 45,193 of the 49,084 incentive units were vested and at December 31, 2017, 36,001 of the 49,247 incentive units were vested. At December 31, 2018, 40,911 of these vested units were held by current or former employees of the Company and 4,282 vested units were held by non-employees who provide services to the Company. At December 31, 2017, 32,773 of these vested units were held by current or former employees of the Company and 3,228 vested units were held by non-employees who provide services to the Company.

A return of capital to certain non-incentive unitholders or a minimum distribution threshold is required before distributions are made to Class A and B unitholders. The Class A incentive unitholders have also agreed to a portion of their distributions to be allocated to certain non-incentive unitholders. SDC Financial has the option, but not the obligation, to repurchase the incentive units at fair value. The distribution threshold is the amount established with respect to each Class A and B incentive unit upon the issuance of such incentive unit that equals the minimum amount determined by the SDC Financial's board of directors in its reasonable discretion to be necessary to cause such incentive units to constitute a profits interest and which may be adjusted to take into account additional contributions to SDC Financial.

Class C unitholders have the right to select a member of the Company's board of directors. Class D unitholders have substantially the same rights as the common unitholders.

In June 2017, the Company redeemed 2,153 Class B incentive units for $12,396. The Company paid $1,602 of the redemption price in June 2017 and the balance is being paid in 36 equal monthly installments as described in Note 8 above. In addition, the Company advanced a distribution of $1,398 to the seller to be repaid out of any future proceeds of the remaining units owned by the seller. This advance bears interest at 1.15% and is reflected as a reduction of members' equity.

In January 2018, the Company redeemed 271 Class B incentive units for $1,546 which is payable over 24 months as described in Note 8.

SDC Financial's operating agreement, as amended and restated, provides that any distributions, other than tax distributions and the $200,000 discussed in Note 9, will be made according to the following priority on a cumulative basis:

- First, to the Series A Unitholders in proportion to the aggregate unpaid preferred return unpaid immediately prior to such distribution;
- Second, to the Series A Unitholders in proportion to the respective number of Series A Units until the return of the purchase price of the Series A Units;

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 10—Members' Equity (Continued)

- Third, subject to the distribution thresholds (if any), to the holders of non Series A Unitholders pro rata until each non Series A Unitholder has been distributed an amount equal to the prorata amount of distributions to the Series A Unitholders above.

- Fourth, to the Series A and non Series A Unitholders in proportion to their Percentage Interests, subject to certain member specific adjustments related to the Class A and B units, as defined in the Operating Agreement:

Notwithstanding the foregoing, no distribution can be made with respect to any Class A or B unit that is subject to a distribution threshold, until such time as the cumulative distributions to the other Series A and non Series A Unitholders reach that distribution threshold.

In the event of a change in form of SDC Financial to become a corporation, each Series A and non Series A Unitholder will receive equity interests in the successor corporation having a value equal to the amount the unitholder would be entitled to in the event of a liquidation. The rate of conversion is determined based on the valuation at the time of the conversion event, distributions thresholds, cumulative distributions to date and the number of each class of equity units outstanding at that time.

SDC Financial had the following member units as of December 31:

	2018	2017
Common units	38,489	38,489
Class A incentive units	46,174	46,174
Class B incentive units	2,910	3,073
Class C non-incentive units	20,710	20,710
Class D non-incentive units	595	595
Total units	108,878	109,041

The profits or losses of the Company for each fiscal year are allocated among the unitholders so as to ensure that the capital account of the unitholder is equal to the aggregate distributions that such unitholder would be entitled to receive if all of the assets of the Company were sold for their fair value.

In addition to the TCW Warrants described in Note 8, SDC Financial has warrants outstanding for 369 units at December 31, 2018 and 2017. The exercise price of the warrants is $2,519 per unit and expire during 2026.

Note 11—Equity-Based Compensation

Incentive units may be granted to current or prospective officers or employees or non-employees. For employee incentive units, the fair value of the incentive units are based on SDC Financial's unit value on the date of grant. For non-employee incentive units, the fair value is determined at the time of vesting. A

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 11—Equity-Based Compensation (Continued)

summary of equity-based compensation expense recognized during the years ended December 31 is as follows:

	2018	2017
Incentive units to employees	$ 1,807	$ 1,588
Incentive units to non-employees	18,032	5,272
Total	$ 19,839	$ 6,860

Amounts are included in general and administrative expense on the consolidated statements of operations.

A summary of the activity for incentive units to employees for the year ended December 31, 2018, is as follows:

	Number of Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value
Non-vested incentive units at December 31, 2017				
Class A incentive units	9,844	$ 108		
Class B incentive units	2,038	1,512		
Granted				
Class B incentive units	108	4,923		
Vested				
Class A incentive units	(7,874)	108		
Class B incentive units	(517)	1,599		
Non-vested incentive units at December 31, 2018	3,599	$ 833	1.4	$ 72,064

The aggregate intrinsic value in the table above represents the total intrinsic value (calculated by multiplying the current unit value on December 31, 2018 by the number of non-vested incentive units) that would have been received by the unitholders had all the incentive units been vested and released as of the last day of 2018. This amount will fluctuate based on the fair market value of the Company's units.

The total fair value of incentive units to employees vested during the years ended December 31, 2018 and 2017 was $132,272 and $40,563, respectively. The weighted average grant date fair value of incentive units granted to employees during 2018 and 2017 was $4,923 and $1,541, respectively. As of December 31, 2018, there was $3,036 of total unamortized compensation costs related to incentive units.

As of December 31, 2018 and 2017, SDC Financial had outstanding non-vested incentive units to non-employees of 292 and 1,364, respectively.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 12—Employee Benefit Plans

The Company has agreements with several key employees to provide a bonus payment in the event of a liquidation event as defined in each agreement. The bonus amounts are calculated based on the value of the Company at the time of the liquidation event less an amount determined upon the employee entering into the agreement. The right to the payment generally vests annually over a five-year period, with certain liquidation events resulting in an acceleration of the vesting period. No amounts were required to be recorded for these agreements as of December 31, 2018 and 2017.

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. For the years ended December 31, 2018 and 2017, the Company matched 100% of employees' salary deferral contributions up to 3% and 50% of employees' salary deferral contributions from 3% to 5% of employees' eligible compensation. The Company contributed $1,133 and $229 to the 401(k) plan for the years ended December 31, 2018 and 2017, respectively.

Note 13—Related Party Transactions

Align loan and security agreement

In July 2017, the Company amended its Loan and Security Agreement ("Align Loan") with Align Technology, Inc. ("Align"), a member of SDC Financial to increase the line of credit. The Align Loan provided a line of credit for the Company to borrow up to 80% of eligible receivables up to a maximum amount of $30,000 at an interest rate of 7%. Eligible receivables generally exclude past due receivables and were net of applicable reserves. The Company pledged substantially all its assets as security for the Align Loan. The Align Loan was repaid in February 2018.

Promissory Notes to Majority Member and Related Parties

These notes consist of three promissory notes payable to two unitholders, one of whom is a majority member, and a related party of a unitholder. These notes were subordinated to the Align Loan Agreement and the TCW Credit Facility, bear interest at 10%, and are payable with interest annually. These loans mature in 2019. As of December 31, 2018 and 2017, the balances of these notes were $11,685 and $11,672, respectively. Interest expense of $1,173 and $1,106 was incurred for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the Company had promissory notes of $6,168 and $8,995, respectively, outstanding to former employees related to repurchases of membership units which have interest and principal payments due in monthly installments over 24 to 36 months. The promissory notes bear interest of 1.7% to 3.0%. Interest on these promissory notes payable was $238 and $151 for the years ended December 31, 2018 and 2017, respectively.

Products and Services

The Company is affiliated through common ownership with several other entities ("Affiliates"). The Affiliates incur costs related to the Company, including travel costs, certain senior management personnel

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 13—Related Party Transactions (Continued)

costs, freight, and rent, the most significant of which is freight. The Company reimbursed $8,250 and $4,475 of freight incurred through an Affiliate during the years ended December 31, 2018 and 2017, respectively, which is included in cost of revenues—related parties. These costs incurred by Affiliates related to the Company are billed at actual cost to the Company by the Affiliates.

In addition, the Company paid one of the Affiliates $1,200 and $540 in management fees for the years ended December 31, 2018 and 2017, respectively, included in general and administrative expenses. These fees include charges relating to several individuals who provide senior leadership to the Company as well as certain other services. Certain of these individuals have been granted incentive units, which have resulted in equity-based compensation expense (see Note 11).

The Company is party to a Strategic Supply Agreement with Align, a unitholder of the Company, in which the Company had the option to purchase aligners from Align at a price that varies with the level of product purchased. While the majority of the Company's aligners were manufactured in-house, the Company did purchase aligners under this agreement. Additionally, the Company purchases oral digital imaging equipment from Align. For the years ended December 31, 2018 and 2017, purchases from Align of equipment were $15,135 and $3,437, respectively, and purchases of aligners included in cost of revenues—related parties were $27,670 and $24,171, respectively.

At December 31, 2018 and 2017, amounts due to related parties for goods and services were $20,305 and $14,721, respectively. These amounts are included within due to related parties on the consolidated balance sheets.

Note 14—Commitments and Contingencies

Lease Commitments

The Company has various operating leases, primarily for leased facilities. Total rental expense for these operating leases amounted to $13,566 and $3,290 for the years ended December 31, 2018 and 2017, respectively. The Company recognizes rent expense on a straight-line basis over the life of the lease, adjusted for lessor incentives received, which commences on the date that the Company has the right to control the property.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 14—Commitments and Contingencies (Continued)

At December 31, 2018, future minimum payments for capital and operating leases consist of the following:

	Capital Leases	Operating Leases
2019	$ 2,378	$ 8,017
2020	2,378	3,963
2021	2,547	3,587
2022	—	1,692
2023 and thereafter	—	1,722
Total minimum lease payments	7,303	$ 18,981
Amount representing interest	994	
Present value of minimum lease payments	6,309	
Less: current portion	(1,866)	
	$ 4,443	

Legal Matters

The Company is involved, from time to time, in various contractual, product liability, intellectual property and other claims and disputes incidental to its business. While litigation is subject to uncertainties and the outcome of litigated matters is not predictable with assurance, the Company currently believes that the disposition of all pending or, to the knowledge of the Company, threatened claims and disputes, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

In March 2019, a final arbitration award was issued in an arbitration proceeding brought by the Company alleging that one of its Members, Align, had violated certain restrictive covenants set forth in the Company's' Operating Agreement. The arbitrator ruled that Align had breached both the non-competition and confidentiality provisions of the Operating Agreement and that, as a result, Align was required to close its Invisalign Stores, return all of the Company's Confidential Information and to sell its membership units to the non-Series A unitholders of SDC Financial for an amount equal to the balance in Align's capital account as of November 2018. Per the terms of the ruling, this repurchase was effectuated in April 2019 by the remaining non-Series A unitholders. In addition to the above, the arbitrator extended the Align non-competition period through August of 2022.

Other

The Company periodically receives communications from state and federal regulatory and similar agencies inquiring about the nature of the Company's business activities, licensing of professionals providing services, and similar matters. Such matters are routinely concluded with no financial or operational impact on the Company. While the outcome of any individual matter is not predictable with assurance, there are currently no actions with any agency that would reasonably be expected to have a material adverse effect on the Company's operations, financial condition, results, or liquidity.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2018 and 2017

(in thousands, except units and per unit amounts)

Note 15—Segment Reporting

The Company provides aligner products primarily through its retail locations and internet site. The Company's chief operating decision maker views its operations and manages the business on a consolidated basis and, therefore the Company has one operating segment, aligner products, for segment reporting purposes in accordance with ASC 280-10, "*Segment Reporting*." For the years ended December 31, 2018 and 2017, all of the Company's revenues were generated by sales within the United States and substantially all of its net property, plant and equipment was within the United States.

Note 16—Supplemental Cash Flow Information

The supplemental cash flow information comprised of the following for the years ended December 31:

	2018	2017
Interest paid	$ 8,392	$ 1,023
Purchases of equipment included in accounts payable	$ 1,457	$ —
Property acquired under capital leases	$ 6,867	$ —
Promissory note issued in exchange for member unit redemptions	$ 1,546	$ 10,793

SDC FINANCIAL, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Unaudited)

June 30, 2019 and December 31, 2018

(in thousands)

	June 30, 2019	December 31, 2018
Cash	$ 149,088	$ 313,929
Accounts receivable	181,806	113,934
Inventories	13,749	8,781
Prepaid and other current assets	11,554	5,782
Total current assets	356,197	442,426
Accounts receivable, non-current	93,283	60,217
Property, plant and equipment, net	86,770	52,551
Other assets	6,269	—
Total assets	**$ 542,519**	**$ 555,194**
Accounts payable	$ 49,805	$ 25,250
Accrued liabilities	63,728	34,939
Due to related parties	3,443	20,305
Deferred revenue	20,788	19,059
Current portion of related party debt	3,984	16,054
Current portion of long-term debt	29,504	1,866
Total current liabilities	171,252	117,473
Long term debt, net of current portion	171,478	137,123
Long-term related party debt	—	1,799
Other long term liabilities	606	602
Total liabilities	343,336	256,997
Commitment and contingencies		
Redeemable Series A Preferred Units	425,188	388,634
Member deficit	(226,320)	(90,752)
Warrants	315	315
Total members' deficit	(226,005)	(90,437)
Total liabilities, Redeemable Series A Preferred Units and members' deficit	**$ 542,519**	**$ 555,194**

The accompanying notes are an integral part of these Interim Unaudited Condensed Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

For the Six Months Ended June 30, 2019 and 2018

(in thousands, except per unit data)

	Six months ended June 30,	
	2019	2018
Revenue, net	$ 353,867	$ 165,516
Financing revenue	19,663	9,548
Total revenues	373,530	175,064
Cost of revenues	72,238	41,867
Cost of revenues—related parties	11,342	18,510
Total cost of revenues	83,580	60,377
Gross profit	289,950	114,687
Marketing and selling expenses	209,146	86,457
General and administrative expenses	96,490	47,301
Loss from operations	(15,686)	(19,071)
Interest expense	7,316	4,931
Interest expense—related parties	75	953
Loss on extinguishment of debt	29,640	—
Other expense	81	8,642
Net loss before provision for income tax expense	(52,798)	(33,597)
Provision for income tax expense	117	209
Net loss	$ (52,915)	$ (33,806)
Pro forma net loss and per share information (unaudited)		
Pro forma provision for income taxes		
Pro forma net loss		
Pro forma basic and diluted net loss per share		
Pro forma weighted average shares outstanding—basic and diluted		

The accompanying notes are an integral part of these Interim Unaudited Condensed Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Members' Deficit (Unaudited)

For the Six Months Ended June 30, 2019

(in thousands, except unit data)

	Members' Deficit		Warrants		
	Units	Amount	Units	Amount	Total
Balances at December 31, 2017	**109,041**	**$ (34,169)**	**369**	**$ 315**	**$ (33,854)**
Redemption of member units	(271)	(1,544)	—	—	(1,544)
Unitholder distribution	—	(21)	—	—	(21)
Grant of incentive member units	108	—	—	—	—
Distributions paid and payable	—	(86)	—	—	(86)
Equity based compensation	—	7,872	—	—	7,872
Net loss	—	(33,806)	—	—	(33,806)
Balances at June 30, 2018	**108,878**	**$ (61,754)**	**369**	**$ 315**	**$ (61,439)**
Balances at December 31, 2018	**108,878**	**$ (90,752)**	**369**	**$ 315**	**$ (90,437)**
Series A redemption accretion	—	(36,761)	—	—	(36,761)
Redemption of member units	(20,710)	(54,154)	—	—	(54,154)
Equity-based compensation	—	8,262	—	—	8,262
Net loss	—	(52,915)	—	—	(52,915)
Balances at June 30, 2019	**88,168**	**$ (226,320)**	**369**	**$ 315**	**$ (226,005)**

The accompanying notes are an integral part of these Interim Unaudited Condensed Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

For the Six Months Ended June 30, 2019 and 2018

(in thousands)

	Six months ended June 30,	
	2019	2018
Operating Activities		
Net loss	$ (52,915)	$ (33,806)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,723	2,735
Deferred loan cost amortization	475	284
Accrued interest to related parties	—	601
Fair value adjustment of warrant derivative	—	8,624
Equity-based compensation	8,262	7,872
Loss on extinguishment of debt	17,693	—
Other non-cash operating activities	1,783	1,604
Changes in operating assets and liabilities:		
Accounts receivable	(100,937)	(60,748)
Inventories	(4,968)	(2,573)
Prepaid and other current assets	(5,772)	(1,809)
Accounts payable	15,436	7,782
Accrued liabilities	28,461	9,965
Due to related parties	(16,862)	(59)
Deferred revenue	1,729	12,033
Net cash used in operating activities	(97,892)	(47,495)
Investing Activities		
Purchases of property and equipment—related party	—	(1,295)
Purchases of property and equipment	(31,879)	(4,647)
Purchases of intangible assets	(6,269)	—
Net cash used in investing activities	(38,148)	(5,942)
Financing Activities		
Borrowings on long-term debt	151,300	95,875
Payments of issuance costs	(6,127)	(3,142)
Principal payments on long-term debt	(152,400)	—
Principal payments on related party debt	(20,598)	(33,284)
Payments on other long-term liabilities	(976)	—
Net cash (used in) provided by financing activities	(28,801)	59,449
(Decrease) increase in cash	(164,841)	6,012
Cash at beginning of period	313,929	4,071
Cash at end of period	$ 149,088	$ 10,083

The accompanying notes are an integral part of these Interim Unaudited Condensed Consolidated Financial Statements.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies

Business Description

SDC Financial, LLC ("SDC Financial") is a Tennessee limited liability company and wholly owns SmileDirectClub, LLC (a Tennessee limited liability company) and Access Dental Lab, LLC (a Tennessee limited liability company), collectively herein referred to as (the "Company", "we", "our"). The Company's direct-to-consumer model provides customers with a customized clear aligner therapy treatment delivered through its teledentistry platform. The Company integrates the marketing, aligner manufacturing, and fulfillment, and provides a proprietary web-based teledenstistry platform for the monitoring of treatment by licensed dentists and orthodontists through the completion of a member's treatment. The Company is headquartered in Nashville, Tennessee and has locations throughout the U.S, Puerto Rico, Canada, Australia, United Kingdom and Costa Rica.

Basis of Presentation and Consolidation

The interim condensed consolidated financial statements include the accounts of SDC Financial and its wholly-owned subsidiaries, as well as accounts of contractually affiliated professional corporations ("PC's") managed by the Company.

The interim condensed consolidated financial statements include the accounts of variable interest entities in which the Company is the primary beneficiary under the provisions of Accounting Standards Codification ("ASC") Topic 810, *Consolidation*. At June 30, 2019, the variable interest entities include 38 dentist owned PC's and at December 31, 2018 the variable interest entities included 31 dentist owned PC's. The Company is a dental service organization and does not engage in the practice of dentistry. All clinical services are provided by dentists and orthodontists who are employed as independent contractors or otherwise engaged by the dentist-owned PC's. The Company contracts with the PC's and dentists and orthodontists through a suite of agreements, including but not limited to, management services agreements, supply agreements, and licensing agreements, pursuant to which the Company provides the administrative, non-clinical management services to the PC's and independent contractors. The Company has the contractual right to manage the activities that most significantly impact the variable interest entities' economic performance through these agreements without engaging in the corporate practice of dentistry. Additionally, the Company would absorb substantially all of the expected losses of these entities should they occur. The accompanying consolidated statements of operations reflect the revenue earned and the expenses incurred by the PC's.

All significant intercompany balances and transactions are eliminated in consolidation.

Management Use of Estimates

The preparation of the interim condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that impact the reported amounts. On an ongoing basis, the Company evaluates its estimates, including those related to the fair values of financial instruments, useful lives of property, plant and equipment, revenue recognition, equity-based compensation, long-lived assets, and contingent liabilities, among others. Each of these estimates varies in regard to the level of judgment involved and its potential impact on the Company's financial results. Estimates are considered critical

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

either when a different estimate could have reasonably been used, or where changes in the estimate are reasonably likely to occur from period to period, and such use or change would materially impact the Company's financial condition, results of operations, or cash flows. Actual results could differ from those estimates.

Revenue Recognition

The Company's revenues are derived primarily from sales of aligners, impression kits, whitening gel, and retainers. Revenue is recorded for all customers based on the amount that is expected to be collected, which considers implicit price concessions, discounts and returns. The Company adopted ASC 606, "*Revenue from Contracts with Customers"* which outlines a single comprehensive model for recognizing revenue as performance obligations are transferred to the customer in exchange for consideration. This standard also requires expanded disclosures regarding the Company's revenue recognition policies and significant judgments employed in the determination of revenue. The Company adopted this standard effective January 1, 2017.

The Company identifies a performance obligation as distinct if both of the following criteria are met: the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. Determining the standalone selling price ("SSP") and allocation of consideration from a contract to the individual performance obligations, and the appropriate timing of revenue recognition, is the result of significant qualitative and quantitative judgments. Management considers a variety of factors such as historical sales, usage rates (the number of times a customer is expected to order additional aligners), costs, and expected margin, which may vary over time depending upon the unique facts and circumstances related to each performance obligation, in making these estimates. Further, the Company's process for estimating usage rates requires significant judgment and evaluation of inputs, including historical data and forecasted usages. Changes in the allocation of the SSP between performance obligations will not affect the amount of total revenues recognized for a particular contract. The Company uses the expected cost plus a margin approach to determine the SSP for performance obligations, and discounts are allocated to each performance obligation based on the relative standalone selling price. However, any material changes in the allocation of the SSP could impact the timing of revenue recognition, which may have a material effect on the Company's financial position and result of operations as the contract consideration is allocated to each performance obligation, delivered or undelivered, at the inception of the contract based on the SSP of each distinct performance obligation.

The Company estimates the amount expected to be collected based upon management's assessment of historical write-offs and expected net collections, business and economic conditions and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections as a primary source of information in estimating the amount of contract consideration expected to be collected and implicit price concessions. The Company believes its analysis provides reasonable estimates of its revenues and valuations of its accounts receivable. For the six months ended June 30, 2019 and 2018, estimated implicit price concessions reduced contractual revenues by $39,095 and $19,443, respectively.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

A description of the revenue recognition for each product sold by the Company is detailed below.

Aligners and impression kits: The Company enters into contracts with customers for aligner sales that involve multiple future performance obligations. The Company determined that aligner sales comprise the following distinct performance obligations: initial aligners, modified aligners, and refinement aligners which can occur at any time throughout the treatment plan (which is typically between five to ten months) upon the direction of and prescription from the treating dentist or orthodontist. The Company recognized $346,703 and $165,341 of aligner sales during the six months ended June 30, 2019 and 2018, respectively.

The Company allocates revenues for each performance obligation based on its SSP and recognizes the revenues as control of the performance obligation is transferred upon shipment of the aligners. The Company recognizes aligner revenue on amounts expected to be collected during the course of the treatment plan.

The Company bills its customers either upfront for the full cost of aligners or monthly through its *SmilePay* financing program, which involves a down payment and a fixed amount per month for up to 24 months. The Company's accounts receivable related to the SmilePay financing program are reported at the amount expected to be collected on the consolidated balance sheets, which considers implicit price concessions. Financing revenue from its accounts receivable is recognized based on the contractual market interest rate with the customer, net of implicit price concessions. The Company recognized $19,664 and $9,548 of financing revenue from its *SmilePay* program during the six months ended June 30, 2019 and 2018, respectively, which is included in the consolidated statements of operations. There are no fees or origination costs included in accounts receivable.

The Company sells impression kits to its customers as an alternative to an in-person visit at one of its retail locations where the customer receives a free oral digital imaging of their teeth. The Company combines the sales of its impression kits with aligner sales and recognizes the revenues as control of the performance obligation is transferred upon shipment of the aligners. The Company estimates the amount of impression kit sales that do not result in an aligner therapy treatment plan and recognizes such revenue when aligner conversion becomes remote.

Retainers and Other Products: The Company sells retainers and other products (such as whitening gel) to customers which can be purchased on the Company's website. The sales of these products are independent and separate from the customer's decision to purchase aligner therapy treatment. The Company determined that the transfer of control for these performance obligations occurs as the title of such products passes to the customer.

Deferred Revenue: Deferred revenue represents the Company's contract liability for performance obligations associated with sales of aligners. During the six months ended June 30, 2019 and 2018, the Company recognized $373,530 and $175,064 of revenue, respectively, of which $14,600 and $9,900 was previously included in deferred revenue on the consolidated balance sheets as of December 31, 2018 and 2017, respectively.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Shipping and Handling Costs

Shipping and handling charges are recorded in cost of revenues in the consolidated statements of operations upon shipment. The Company incurred approximately $7,601 and $4,809 in outsourced shipping expenses for the periods ended June 30, 2019 and 2018, respectively.

Cost of Revenues

Cost of revenues includes the total cost of products produced and sold. Such costs include direct materials, direct labor, overhead costs (occupancy costs, indirect labor, and depreciation), freight and duty expenses associated with moving materials from vendors to the Company's facilities and from its facilities to the customers, and adjustments for shrinkage (physical inventory losses), lower of cost or net realizable value, slow moving product and excess inventory quantities.

Marketing and Selling Expenses

Marketing and selling expenses include direct online and offline marketing and advertising costs, costs associated with intraoral imaging services, selling labor, and occupancy costs of SmileShop locations. All marketing and selling expenses are expensed as incurred. For the six months ended June 30, 2019 and 2018, the Company incurred direct online and offline marketing and advertising costs of $142,526 and $65,551, respectively.

General and Administrative Expenses

General and administrative expenses include payroll and benefit costs for corporate team members, equity-based compensation expenses, occupancy costs of corporate facilities, bank charges and costs associated with credit and debit card interchange fees, outside service fees, and other administrative costs, such as computer maintenance, supplies, travel, and lodging.

Equity-Based Compensation

The Company recognizes equity-based compensation for units expected to vest for employees and non-employees on a straight-line basis over the requisite service period of the award. For employee awards, the Company determined the grant date fair value of the awards by estimating the total equity value by considering the future cash flows of the Company and the market multiples of companies engaged in similar businesses. The total equity value was allocated to the various classes of member units and warrants using the contingent claim analysis based on the Merton framework. For non-employee awards, the Company recognizes compensation based on the vesting date fair value of the awards using the same method as described above. Forfeitures are recorded as incurred. The assumptions used in calculating the fair value of equity-based awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change and the Company uses different assumptions, its equity-based compensation could be materially different in the future.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Depreciation and Amortization

Depreciation includes expenses related to the Company's property, plant and equipment, including capital leases. Amortization includes expenses related to definite-lived intangible assets. Depreciation and amortization is calculated using the straight-line method over the useful lives of the related assets, ranging from three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the related lease terms or their useful lives. Depreciation and amortization is included in cost of revenues, selling expenses, and general and administrative expenses depending on the purpose of the related asset. Depreciation and amortization for the six months ended June 30, 2019 and 2018 were as follows:

	2019	2018
Cost of revenues	$ 4,414	$ 1,722
Marketing and selling expenses	2,061	523
General and administrative expenses	3,248	489
Total	$ 9,723	$ 2,734

Income Taxes

As a limited liability company, SDC Financial files its income tax returns as a partnership for federal and state tax purposes. As such, SDC Financial does not pay any federal income taxes, as any income or loss will be included in the tax returns of the individual members. The Company does pay state income tax in certain jurisdictions, and the Company's income tax provision in the consolidated financial statements reflects the income taxes for those states. Additionally, certain wholly-owned entities are required to be evaluated on a stand-alone basis resulting in federal income taxes, and such federal income taxes are included in the consolidated financial statements.

Fair Value of Financial Instruments

The Company measures the fair value of financial instruments as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1	—	Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2	—	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
Level 3	—	Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company's financial instruments consist of cash, receivables, accounts payable, debt instruments, derivative financial instruments and preferred units classified as temporary equity. Due to their short-term nature, the carrying values of cash, receivables, trade payables, and debt instruments approximate current fair value at each balance sheet date. The derivative financial instruments are held at fair value, and the preferred units are recorded at the accreted redemption value. The Company had $151,300 and $144,400 in borrowings under its debt facilities (as discussed in Notes 8 and 13) as of June 30, 2019 and December 31, 2018, respectively. Based on current market interest rates (Level 2 inputs), the carrying value of the borrowings under its debt facilities approximates fair value for each period reported.

Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with applicable accounting standards for such instruments and hedging activities, which require that all derivatives are recorded on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company had no outstanding derivatives at June 30, 2019 or December 31, 2018; however, the Company may enter into derivative contracts that are intended to economically hedge a certain portion of its risk, even though hedge accounting does not apply or the Company elects not to apply the hedge accounting standards.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

Certain Risks and Uncertainties

The Company's operating results depend to a significant extent on the ability to market and develop its products. The life cycles of the Company's products are difficult to estimate due, in part, to the effect of future product enhancements and competition. The inability to successfully develop and market the Company's products as a result of competition or other factors would have a material adverse effect on its business, financial condition and results of operations.

The Company provides credit to customers in the normal course of business. The Company maintains reserves for potential credit losses and such losses have been within management's expectations. No individual customer accounted for 1% or more of the Company's accounts receivable at June 30, 2019 or December 31, 2018, or net revenue for the six months ended June 30, 2019 and 2018.

The Company's products are considered medical devices and are subject to extensive regulation in the U.S. and internationally. The regulations to which the Company is subject are complex. Regulatory changes could result in restrictions on the ability to carry on or expand its operations, higher than anticipated costs or lower than anticipated sales. The failure to comply with applicable regulatory requirements may have a material adverse impact on us.

The Company's reliance on international operations exposes it to related risks and uncertainties, including difficulties in staffing and managing international operations, such as hiring and retaining qualified personnel; political, social and economic instability; interruptions and limitations in telecommunication services; product and material transportation delays or disruption; trade restrictions and changes in tariffs; import and export license requirements and restrictions; fluctuations in foreign currency exchange rates; and potential adverse tax consequences. If any of these risks materialize, operating results, may be harmed.

The Company purchases certain inventory from sole suppliers, and the inability of any supplier or manufacturer to fulfill the supply requirements could materially and adversely impact its future operating results.

Cash

Cash consists of all highly-liquid investments with original maturities of less than three months. Cash is held in various financial institutions in the U.S. and internationally.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out method of inventory accounting. Inventory consists of raw materials for producing impression kits and aligners and finished goods. Inventory is net of shrinkage and obsolescence.

Property, Plant and Equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Routine maintenance and repairs are charged to expense as incurred. At the time property, plant and

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

equipment are retired from service, the cost and accumulated depreciation or amortization are removed from the respective accounts and the related gains or losses are reflected in the consolidated statements of operations.

Leases

Assets under capital leases are amortized in accordance with the Company's normal depreciation policy for owned assets or over the lease term, if shorter, and the related charge to operations is included in depreciation expense in the consolidated statements of operations.

The Company leases office spaces and equipment under operating leases with original lease periods of up to 10 years. Certain of these leases have free or escalating rent payment provisions and lease incentives provided by the landlord. Rent expense is recognized under such leases on a straight-line basis over the term of the lease. The Company occasionally receives reimbursements from landlords to be used towards improving the related store to be leased. Leasehold improvements are recorded at their gross costs, including items reimbursed by landlords. Related reimbursements are deferred and amortized on a straight-line basis as a reduction of rent expense over the applicable lease term.

Internally Developed Software Costs

The Company generally provides services to its customers using software developed for internal use. The costs that are incurred to develop such software are expensed as incurred during the preliminary project stage. Once certain criteria have been met, direct costs incurred in developing or obtaining computer software are capitalized. Training and maintenance costs are expensed as incurred. Capitalized software costs are included in property, plant and equipment in the consolidated balance sheets and are amortized over a three-year period. During the six months ended June 30, 2019 and 2018, the Company capitalized $4,886 and $87, respectively, of internally developed software costs. Amortization expense for internally developed software was $737 and de minimis for the six months ended June 30, 2019 and 2018, respectively.

Impairment

The Company evaluates long-lived assets (including finite-lived intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. An asset or asset group is considered impaired if its carrying amount exceeds the future undiscounted net cash flows that the asset or asset group is expected to generate. Factors the Company considers important which could trigger an impairment review include significant negative industry or economic trends, significant loss of customers and changes in the competitive environment. If an asset or asset group is considered to be impaired, the impairment to be recognized is calculated as the amount by which the carrying amount of the asset or asset group exceeds its fair market value. The Company's estimates of future cash flows attributable to long-lived assets require significant judgment based on its historical and anticipated results and are subject to many assumptions. The estimation of fair value utilizing a discounted cash flow approach includes numerous uncertainties which require significant judgment when making assumptions of expected growth rates and the selection of discount rates, as well as

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 1—Summary of Significant Accounting Policies (Continued)

assumptions regarding general economic and business conditions, and the structure that would yield the highest economic value, among other factors.

Debt Issuance Costs

The Company records debt issuance costs related to its term debt as direct deductions from the carrying amount of the debt. The costs are amortized to interest expense over the life of the debt using the effective interest method.

Redeemable Series A Preferred Units

SDC Financial classified its Redeemable Series A Preferred Units ("Series A Units") as temporary equity on the consolidated balance sheet due to certain deemed liquidation events that are outside of its control. The Company evaluated the Series A Units upon issuance in order to determine classification as to permanent or temporary equity and whether or not the instrument contains an embedded derivative that requires bifurcation. This analysis followed the whole instrument approach which compares an individual feature against the entire instrument that includes that feature. This analysis was based on a consideration of the economic characteristics and risk of the Series A Units including: (i) redemption rights on the Series A Units allowing the Series A Unitholders the ability to redeem the Series A Units six years from the anniversary of the Series A Units original issuance, provided that a qualified public offering has not been consummated prior to such date; (ii) conversion rights that allow the Series A Unitholders the ability to convert into common member units at any time; (iii) the Series A Unitholders may vote based on the combined membership percentage interest; and (iv) distributions of the preferred return on the Series A Units are subject to the same conditions as non-Series A Unit distributions which require all distributions to be approved by SDC Financial's board of directors.

The Company has elected the accreted redemption value method in which it will accrete changes in the redemption value, as defined in Note 9, over the period from the date of issuance of the Series A Units to the earliest redemption date (six years from the date of issuance) using the effective interest method.

Note 2—Recent Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "*Leases (Topic 842).*" This update requires a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. In July 2018, ASU 2018-10, "*Codification Improvements to Topic 842, Leases*," was issued to provide more detailed guidance and additional clarification for implementing ASU 2016-02. Furthermore, in July 2018, the FASB issued ASU 2018-11, "*Leases (Topic 842): Targeted Improvements*," which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. These new leasing standards are effective for fiscal years beginning after December 15, 2019, with early adoption permitted.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 2—Recent Accounting Pronouncements (Continued)

The Company is evaluating the effect of the adoption of this guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments—Credit Losses" (Topic 326)*." The FASB issued this update to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments in this update replace the existing guidance of incurred loss impairment methodology with an approach that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In November 2018, the FASB issued ASU 2018-19, "*Codification Improvements to Topic 326, Financial Instruments—Credit Losses*," which clarifies the scope of guidance in the ASU 2016-13. The updated guidance is effective for annual periods beginning after December 15, 2020. Early adoption of the update is permitted in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-07, "*Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting,"* which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. This guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*," which amends the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This guidance is effective for years beginning after December 15, 2020, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*." This update clarifies the accounting treatment for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. This guidance is effective for years beginning after December 15, 2020, with early adoption permitted. The amendments may be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently assessing the impact that adoption of this guidance will have on its consolidated financial statements and related disclosures.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 3—Inventories

Inventories are comprised of the following:

	June 30, 2019	December 31, 2018
Raw materials	$ 7,674	$ 3,486
Finished goods	6,075	5,295
Total inventories	$ 13,749	$ 8,781

Note 4—Prepaid and other assets

Prepaid and other assets are comprised of the following:

	June 30, 2019	December 31, 2018
Prepaid expenses	$ 4,870	$ 2,642
Deposits to vendors	3,569	2,822
Other	3,115	318
Total prepaid and other current assets	$ 11,554	$ 5,782
Indefinite-lived intangible assets	$ 6,269	$ —
Total other assets	$ 6,269	$ —

In March 2019, the Company purchased an intangible asset related to manufacturing. The Company evaluates the remaining useful lives and carrying values of this indefinite-lived intangible asset, at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that a change in the useful life or impairment in value may have occurred. There were no impairment charges during the six months ended June 30, 2019.

Note 5—Property, plant and equipment, net

Property, plant and equipment are comprised of the following at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Lab and SmileShop equipment	$ 47,736	$ 30,627
Computer equipment and software	32,492	14,748
Leasehold improvements	8,807	7,208
Furniture and fixtures	5,936	5,174
Vehicles	2,310	721
Construction in progress	10,478	6,031
	107,759	64,509
Less: accumulated depreciation	(20,989)	(11,958)
Property, plant and equipment, net	$ 86,770	$ 52,551

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 5—Property, plant and equipment, net (Continued)

The carrying values of assets under capital leases were $7,975 and $6,285 as of and June 30, 2019 and December 31, 2018, respectively, net of accumulated depreciation of $1,836 and $582, respectively.

Note 6—Accrued liabilities

Accrued liabilities are comprised of the following at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Accrued marketing costs	$ 32,685	$ 11,760
Accrued payroll and payroll related expenses	16,993	10,469
Other	14,050	12,710
Total accrued liabilities	$ 63,728	$ 34,939

Note 7—Income taxes

SDC Financial and its subsidiaries are limited liability companies and have elected to be treated as a partnership for federal income tax purposes. Certain exceptions apply, however, including SDC Holding, LLC and subsidiaries and foreign entities that are treated as corporations for tax purposes. While most states do not impose an entity level tax on partnership income, SDC Financial is subject to entity level tax in both Tennessee and Texas. The Company also has operations in Costa Rica, Puerto Rico, Canada and Australia with tax filings in each foreign jurisdiction. Accordingly, the Company files income tax returns in the U.S. federal, various state and foreign jurisdictions. The Company's U.S. federal and state income tax returns for the tax years 2015 and beyond remain subject to potential for examination by the IRS. With respect to state and local jurisdictions, SDC Financial and its subsidiaries are potentially subject to examination for several years after the income tax returns have been filed.

The Company's operations in Costa Rica are subject to agreements allowing for a 0% income tax rate for eight years ending in 2025.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 7—Income taxes (Continued)

The Company recognizes interest and penalties related to income tax matters in income tax expense, and such amounts were not significant to the consolidated statements of operations. The income tax provision for the six months ended June 30, 2019 and 2018, respectively, was as follows:

	2019	2018
Current:		
Federal	$ —	$ 89
State	102	120
Foreign	—	—
Current income tax provision	102	209
Deferred:		
Federal	—	—
State	15	—
Foreign	—	—
Deferred income tax provision	15	—
Total income tax provision	$ 117	$ 209

Significant components of the Company's deferred tax assets (liabilities) as of June 30, 2019 and December 31, 2018 were as follows:

	June 30, 2019	December 31, 2018
Depreciation and amortization	$ (248)	$ (984)
Deferred revenue	1,253	697
Accruals and reserves	116	508
Net operating loss carryforwards	5,888	2,259
Deferred warrant expense	—	191
Other	3	(5)
Gross deferred tax assets and (liabilities)	7,012	2,666
Valuation allowance	(7,027)	(2,722)
Net deferred tax assets and (liabilities)	$ (15)	$ (56)

At June 30, 2019 the Company had net operating loss carryforwards (tax effected) for income tax purposes of approximately $5,888, which expire from 2029 through 2033.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt

The Company's debt and capital lease obligations are comprised of the following at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
TCW financing agreement, net of unamortized discount and financing costs of $19,719	$ —	$ 100,781
Warrant repurchase obligation	—	31,900
JPM credit facility, net of unamortized financing costs of $5,946	145,353	—
Align redemption promissory note	47,427	—
Capital lease obligations (Note 14)	8,202	6,308
Total debt	200,982	138,989
Less current portion	(29,504)	(1,866)
Total long-term debt	$ 171,478	$ 137,123

TCW financing agreement

In February 2018 the Company entered into a financing agreement with TCW Direct Lending ("TCW Credit Facility") to provide a debt facility to the Company. The TCW Credit Facility provides for an initial term loan of $55,000 ("Initial Term Loan") and the potential to draw up to an additional $70,000 ("Delayed Draw Facility"). The Initial Term Loan and the Delayed Draw Facility mature February 2023. At the Company's election, the Initial Term Loan and the Delayed Draw Facility will bear interest at an annual rate of LIBOR or reference rate, as defined in the agreement, plus an applicable margin that is based on the Company's leverage (8% margin for the year ending December 31, 2018). The TCW Credit Facility also includes make-whole provisions in case of termination of the facility.

The TCW Credit Facility was secured by a first mortgage and lien on the real property and related personal and intellectual property of the Company.

The Company recorded $3,514 and $3,125 of deferred financing costs and issuance discounts, respectively, related to the TCW Credit Facility. During the six months ended June 30, 2019 and 2018, the Company amortized under the effective interest rate method $2,209 and $1,871, respectively, of deferred financing and debt issuance costs which is included in interest expense on the consolidated statements of operations.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt (Continued)

In December 2018, the Company entered into an amendment to the TCW Credit Facility ("Amended Credit Facility") which added and amended certain terms of the Initial Term Loan, including the quarterly revenue and profit targets, and issued the warrant repurchase obligation (described further below).

In addition, the Amended Credit Facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The Company is limited on dividends or distributions on equity interest for any subsidiary or pay any subordinated indebtedness owed to the Company or any of its subsidiaries. The Company is also limited on investments in subsidiaries to $10,000 ($5,000 in foreign subsidiaries), and the subsidiaries of the Company are limited to pay SDC Financial expenses in the amount of $500 per annum. The material financial covenants, ratios or tests contained in the TCW Credit Facility are as follows:

- The Company must obtain certain quarterly consolidated revenue and profit targets in certain periods, as defined in the agreement.
- The Company must maintain a delinquency rate on its receivables not to exceed 22.5%.
- The Company must maintain a minimum liquidity, as defined in the agreement, of at least $5,000.

If an event of default shall occur and be continuing under the TCW Credit Facility, the commitments under the TCW Credit Facility may be terminated and the principal amount outstanding under the TCW Credit Facility, together with all accrued unpaid interest and other amounts (including any make-whole provisions) owing in respect thereof, may be declared immediately due and payable.

As described below, the Company used the proceeds from the JPM Credit Facility to repay the TCW Credit facility in June 2019. In connection with the repayment, the Company paid $11,947 related the make-whole provision, and wrote-off $2,584 and $15,109 of deferred financing and debt issuance costs, respectively, which is included in loss from extinguishment of debt on the consolidated statements of operations.

Warrant and warrant repurchase obligation

In February 2018, SDC Financial issued, concurrently with the TCW Credit Facility, warrants to the lenders thereunder (collectively, the "Warrants"). The Warrants were split into two series: Class W-1 and Class W-2 Warrants. The Class W-1 and Class W-2 Warrants were convertible in to 1,121 and 2,243 W-1 and W-2 membership units, respectively, with each having a conversion price of $297.26 per unit.

Prior to the Company entering the Amended Credit Facility, the Warrants included put and call options; whereby, the Company could either purchase up to 75% of the outstanding Warrants, or the Warrant holders could require the Company to purchase up to 100% of the Warrants. The Company had initially accounted for the Warrants as a derivative which was initially recorded at fair value of $17,400 and subsequently adjusted to fair value in other expense in the consolidated statement of operations.

The Amended Credit Facility cancelled the put and call features of the Warrants, eliminated the convertibility of the Warrants into member equity units, and the Company agreed it would repurchase the Warrants for a fixed amount, subject to interest ("Warrant Repurchase Obligation"). The price at which

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt (Continued)

the Company agreed to repurchase the Warrant Repurchase Obligation is $31,900 and if the payment occurs after March 31, 2019, interest is accrued under the Initial Term Loan, and such interest shall be added to the principal amount of the Initial Term Loan. The Warrant Repurchase Obligation is classified as long-term debt on the consolidated balance sheet as of December 31, 2018.

As described below, the Company used the proceeds from the JPM Credit Facility to repay the Warrants in June 2019.

JPM credit facility

In June 2019, the Company entered into a loan and security agreement with JPMorgan Chase Bank, N.A., as the administrative agent, the collateral agent and a lender (the "JPM Credit Facility"), providing a secured revolving credit facility in an initial aggregate maximum principal amount of $500 million with the potential to increase the aggregate principal amount that may be borrowed up to an additional $250 million with the consent of the lenders participating in such increase. Availability under the JPM Credit Facility is based on, among other things, the amount of eligible retail installment sale contracts.

The JPM Credit Facility provides for interest on the outstanding principal balance of a spread above prevailing commercial paper rates or, to the extent the advance is not funded by a conduit lender through the issuance of commercial paper, LIBOR. The JPM Credit Facility also provides for an unused fee based on the unused portion of the total aggregate commitment. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related financed receivables are applied to outstanding principal. Upon expiration of the JPM Credit Facility on December 14, 2020 (unless earlier terminated or extended in accordance with its terms), any outstanding principal will continue to be reduced monthly through available collections.

The Company recorded $6,127 related to deferred financing costs of the JPM Credit Facility. During the six months ended June 30, 2019, the Company amortized under the effective interest rate method $182 of deferred financing costs.

The proceeds of the JPM Credit Facility were used to repay all outstanding amounts under the TCW Credit Facility, including repurchasing the Warrants and for working capital and other corporate purposes.

The JPM Credit Facility is secured by, among other assets, a first-priority security interest in certain receivables and certain intellectual property. As of June 30, 2019, the Company had $256,127 of its receivables collateralized as part of the JPM Credit Facility.

The JPM Credit Facility contains certain covenants. The material financial covenants, ratios or tests contained in the JPM Credit Facility are as follows:

- The Company must maintain a monthly minimum tangible net worth not less than $150,000
- The Company must maintain a monthly minimum liquidity, as defined in the agreement, not less than the greater of $75,000 and 5% of consolidated total assets
- The Company must maintain a monthly leverage ratio, as defined in the agreement, not greater than 4:1

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 8—Long-Term Debt (Continued)

- The Company must maintain a minimum credit scores, charge-off and collection ratios on the portfolio of its SmilePay receivables

As of June 30, 2019, the Company had $151,300 outstanding and was in compliance with all covenants in the JPM Credit Facility.

Align redemption promissory note

In connection with the required redemption of the Align's 20,710 Class C non-incentive units described in Note 14 and the assignment and assumption agreement described in Note 10, the Company entered into a promissory note with Align. Under the terms of the promissory note, the Company will make $2,311 monthly payments through March 2021. The promissory note bears annual interest of 2.52% which is included in the consolidated statement of operations. As of June 30, 2019, the Company has $47,427 outstanding under this promissory note.

Note 9—Redeemable Series A Preferred Units

In October 2018, SDC Financial issued 14,784 Redeemable Series A Preferred Units ("Series A Units") for net proceeds of $388,634, after deduction of $11,578 in issuance costs. The redemption value for each Series A Units is equal to the greater of (i) the original unit price less any distributions for such Series A Unit and (ii) the fair value for such Series A Unit. The Series A Unitholders may redeem the Series A Units six years after the issuance date; provided, that a liquidation event has not been consummated prior to such date. The Series A Units are convertible to common membership units at any time based upon the election of the Series A Unitholders or on a qualified public offering based on a conversion price of $27,071 per unit. Each Series A Unitholder shall vote in accordance with such member's percentage interest. Additionally, the Series A Unitholders receive priority on preferred returns and return of capital on any member distributions.

The Series A Units accrue a preferred return at the rate of 12.5% per annum, which amount shall be cumulative and compound annually. As of December 31, 2018, the accrued preferred returns were $13,676. The distributions of the preferred return on the Series A Units are subject to the same conditions as non-Series A Unit distributions which require all distributions to be approved by SDC Financial's board of directors. For the year ended December 31, 2018, SDC Financial had not declared nor paid any preferred returns on the Series A Units. Additionally, there are certain actions that require a majority consent by the Series A Unitholders, and the Series A Unitholders have the right to select a member of the Company's board of directors.

The Company classified the Series A Units containing the redemption features described above as temporary equity in the consolidated balance sheets as redemption is outside the control of the Company. The Series A Units are recorded at the redemption value and the Company accounts for the changes in the redemption value using the accretion method which is recorded through members' equity. The Company recorded $36,761 of accretion during the six months ended June 30, 2019

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 9—Redeemable Series A Preferred Units (Continued)

At the Company's discretion, the Company may distribute approximately $200,000 of the proceeds from the issuance of the Series A Units to non-Series A Unitholders. No such distribution was made during the six months ended June 30, 2019.

Note 10—Members' Equity

The SDC Financial operating agreement, as amended and restated, provides for classes of units, allocation of profits and losses, distribution preferences, and other member rights. The operating agreement allows for common units, Class A, Class B, Class C, Class D, and Series A units. Each unitholder generally votes separately as a class. Proposals require a majority vote for approval, and proposals for dissolution, liquidation or termination also require a majority vote of the preferred units voting as a class and a majority of the common units voting as a class. Members are limited in their liability to their capital contributions. Refer Note 9 for Series A Unitholder rights.

The Class A and Class B incentive units have various vesting provisions and have been determined to be equity instruments. At June 30, 2019, 47,633 of the 49,084 incentive units were vested. At June 30, 2019, 43,076 of these vested units were held by current or former employees of the Company and 4,557 vested units were held by non-employees who provide services to the Company.

A return of capital to certain non-incentive unitholders or a minimum distribution threshold is required before distributions are made to Class A and B unitholders. The Class A incentive unitholders have also agreed to a portion of their distributions to be allocated to certain non-incentive unitholders. SDC Financial has the option, but not the obligation, to repurchase the incentive units at fair value. The distribution threshold is the amount established with respect to each Class A and B incentive unit upon the issuance of such incentive unit that equals the minimum amount determined by the SDC Financial's board of directors in its reasonable discretion to be necessary to cause such incentive units to constitute a profits interest and which may be adjusted to take into account additional contributions to SDC Financial.

Class C unitholders have the right to select a member of the Company's board of directors. Class D unitholders have substantially the same rights as the common unitholders.

In June 2017, the Company redeemed 2,153 Class B incentive units for $12,396. The Company paid $1,602 of the redemption price in June 2017 and the balance is being paid in 36 equal monthly installments as described in Note 13 above. In addition, the Company advanced a distribution of $1,398 to the seller to be repaid out of any future proceeds of the remaining units owned by the seller. This advance bears interest at 1.15% and is reflected as a reduction of members' equity.

In January 2018, the Company redeemed 271 Class B incentive units for $1,546 which is payable over 24 months as described in Note 13.

SDC Financial's operating agreement, as amended and restated, provides that any distributions, other than tax distributions will be made according to the following priority on a cumulative basis:

- First, to the Series A Unitholders in proportion to the aggregate unpaid preferred return unpaid immediately prior to such distribution;

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 10—Members' Equity (Continued)

- Second, to the Series A Unitholders in proportion to the respective number of Series A Units until the return of the purchase price of the Series A Units;

- Third, subject to the distribution thresholds (if any), to the holders of non Series A Unitholders pro rata until each non Series A Unitholder has been distributed an amount equal to the prorata amount of distributions to the Series A Unitholders above.

- Fourth, to the Series A and non Series A Unitholders in proportion to their Percentage Interests, subject to certain member specific adjustments related to the Class A and B units, as defined in the Operating Agreement:

Notwithstanding the foregoing, no distribution can be made with respect to any Class A or B unit that is subject to a distribution threshold, until such time as the cumulative distributions to the other Series A and non Series A Unitholders reach that distribution threshold.

In the event of a change in form of SDC Financial to become a corporation, each Series A and non Series A Unitholder will receive equity interests in the successor corporation having a value equal to the amount the unitholder would be entitled to in the event of a liquidation. The rate of conversion is determined based on the valuation at the time of the conversion event, distributions thresholds, cumulative distributions to date and the number of each class of equity units outstanding at that time.

As described in Note 14, Align was required to sell its 20,710 Class C non-incentive units to the non-Series A unitholders of SDC Financial for $54,154. Per the terms of the ruling, this redemption was effectuated in April 2019 by the remaining non-Series A unitholders. In June 2019, SDC Financial entered into an assignment and assumption agreement with the non-Series A unitholders to redeem and cancel these Class C non-incentive units in an amount equal to the redemption between Align and the non-Series A unit holders.

SDC Financial had the following member units:

	June 30, 2019	December 31, 2018
Common units	38,489	38,489
Class A incentive units	46,174	46,174
Class B incentive units	2,910	2,910
Class C non-incentive units	0	20,710
Class D non-incentive units	595	595
Total units	88,168	108,878

The profits or losses of the Company for each fiscal year are allocated among the unitholders so as to ensure that the capital account of the unitholder is equal to the aggregate distributions that such unitholder would be entitled to receive if all of the assets of the Company were sold for their fair value.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 10—Members' Equity (Continued)

SDC Financial has warrants outstanding for 369 units at June 30, 2019 and December 31, 2018. The exercise price of the warrants is $2,519 per unit and expire during 2026.

Note 11—Equity-Based Compensation

Incentive units may be granted to current or prospective officers or employees or non-employees. For employee incentive units, the fair value of the incentive units are based on SDC Financial's unit value on the date of grant. For non-employee incentive units, the fair value is determined at the time of vesting. A summary of equity-based compensation expense recognized during the six months ended June 30, 2019 and 2019:

	June 30, 2019	June 30, 2018
Incentive units to employees	$ 641	$ 888
Incentive units to non-employees	7,621	6,984
Total	$ 8,262	$ 7,872

Amounts are included in general and administrative expense on the consolidated statements of operations.

The agreements were modified in July 2019 to accelerate certain vesting conditions upon a change of control. No incremental costs were incurred subsequent to the financial statements at June 30, 2019 as a result of the modifications as the vesting of such is contingent on a change in control.

Note 12—Employee Benefit Plans

The Company has agreements with several key employees to provide a bonus payment in the event of a liquidation event as defined in each agreement. The bonus amounts are calculated based on the value of the Company at the time of the liquidation event less an amount determined upon the employee entering into the agreement. The right to the payment generally vests annually over a five-year period, with certain liquidation events resulting in an acceleration of the vesting period. No amounts were required to be recorded for these agreements as of June 30, 2019 and December 31, 2018. The agreements were modified in July 2019 to accelerate certain vesting conditions upon a liquidation event and to allow the Company to settle in units or cash. No incremental compensation costs were incurred as a result of the modification as the vesting of such is contingent on a liquidation event.

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. For the six months ended June 30, 2019 and 2018, the Company matched 100% of employees' salary deferral contributions up to 3% and 50% of employees' salary deferral contributions from 3% to 5% of employees' eligible compensation. The Company contributed $1,063 and $549 to the 401(k) plan for the six months ended June 30, 2019 and 2018, respectively.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 13—Related Party Transactions

Promissory Notes to Majority Member and Related Parties

These notes consist of three promissory notes payable to two unitholders, one of whom is a majority member, and a related party of a unitholder. These notes were subordinated to the Align Loan Agreement and the TCW Credit Facility, bear interest at 10%, and are payable with interest annually. These loans mature in 2019. As of June 30, 2019 and December 31, 2018, the balances of these notes were $0 and $11,685, respectively. Interest expense of $0 and $820 was incurred for the six months ended June 30, 2019 and 2018, respectively.

As of June 30, 2019 and December 31, 2018, the Company had promissory notes of $3,984 and $7,968, respectively, outstanding to former employees related to repurchases of membership units which have interest and principal payments due in monthly installments over 24 to 36 months. The promissory notes bear interest of 1.7% to 3.0%. Interest on these promissory notes payable was $75 and $133 for the six months ended June 30, 2019 and 2018, respectively.

Products and Services

The Company is affiliated through common ownership with several other entities ("Affiliates"). The Affiliates incur costs related to the Company, including travel costs, certain senior management personnel costs, freight, and rent, the most significant of which is freight. The Company reimbursed $4,764 and $4,078 of freight incurred through an Affiliate during the six months ended June 30, 2019 and 2018, respectively, which is included in cost of revenues—related parties. These costs incurred by Affiliates related to the Company are billed at actual cost to the Company by the Affiliates.

In addition, the Company paid one of the Affiliates $900 and $600 in management fees for the six months ended June 30, 2019 and 2018, respectively, included in general and administrative expenses. These fees include charges relating to several individuals who provide senior leadership to the Company as well as certain other services. Certain of these individuals have been granted incentive units, which have resulted in equity-based compensation expense (see Note 11).

The Company was party to a Strategic Supply Agreement with Align, a former unitholder of the Company, in which the Company had the option to purchase aligners from Align at a price that varies with the level of product purchased. While the majority of the Company's aligners were manufactured in-house, the Company did purchase aligners under this agreement. Additionally, the Company purchases oral digital imaging equipment from Align. For the six months ended June 30, 2019 and 2018, purchases from Align of equipment were $5,651 and $4,600, respectively, and purchases of aligners included in cost of revenues—related parties were $6,577 and $14,432, respectively.

In February 2019, we entered into an agreement with the David Katzman Revocable Trust (the "Trust") to purchase all of the issued and outstanding membership units of a limited liability corporation ("SDC Plane") owned by the Trust for a purchase price of approximately $1.1 million, which was the Trust's acquisition cost. SDC Plane owns an interest in an aircraft, which is available for use by our executives.

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 13—Related Party Transactions (Continued)

At June 30, 2019 and December 31, 2018, amounts due to related parties for goods and services were $3,443 and $20,305, respectively. These amounts are included within due to related parties on the consolidated balance sheets.

Note 14—Commitments and Contingencies

Lease Commitments

The Company has various operating leases, primarily for leased facilities. Total rental expense for these operating leases amounted to $13,149 and $4,849 for the six months ended June 30, 2019 and 2018, respectively. The Company recognizes rent expense on a straight-line basis over the life of the lease, adjusted for lessor incentives received, which commences on the date that the Company has the right to control the property.

At June 30, 2019, future minimum payments for capital and operating leases consist of the following:

	Capital Leases	Operating Leases
2019 (six months remaining)	$ 1,674	$ 7,690
2020	3,348	8,289
2021	3,599	7,781
2022	819	5,573
2023 and thereafter	—	15,454
Total minimum lease payments	9,440	$ 44,787
Amount representing interest	1,239	
Present value of minimum lease payments	8,201	
Less: current portion	(2,661)	
	$ 5,540	

Legal Matters

The Company is involved, from time to time, in various contractual, product liability, intellectual property and other claims and disputes incidental to its business. While litigation is subject to uncertainties and the outcome of litigated matters is not predictable with assurance, the Company currently believes that the disposition of all pending or, to the knowledge of the Company, threatened claims and disputes, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

In March 2019, a final arbitration award was issued in an arbitration proceeding brought by the Company alleging that one of its Members, Align, had violated certain restrictive covenants set forth in the Company's' Operating Agreement. The arbitrator ruled that Align had breached both the non-competition and confidentiality provisions of the Operating Agreement and that, as a result, Align was required to close its stores, return all of the Company's confidential information and to sell its membership units to the non-Series A unitholders of SDC Financial for an amount equal to the balance in Align's capital account

SDC FINANCIAL, LLC AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2019

(in thousands, except units and per unit amounts)

Note 14—Commitments and Contingencies (Continued)

as of November 2018. In addition to the above, the arbitrator extended the Align non-competition period through August of 2022.

On July 2, 2019, Align filed a claim for arbitration alleging a breach of the Operating Agreement by the Company in connection with the redemption price of the units formerly owned by Align in the Company, as ordered by the arbitrator in the prior arbitration pending between Align and the Company. This claim could result in an additional $43,000 of redemption amounts that the Company would pay Align. The Company believes that this new arbitration is barred by the final and non-appealable order in the initial arbitration. The Company does not believe that an unfavorable outcome is probable in light of the principle of res judicata.

Other

The Company periodically receives communications from state and federal regulatory and similar agencies inquiring about the nature of the Company's business activities, licensing of professionals providing services, and similar matters. Such matters are routinely concluded with no financial or operational impact on the Company. While the outcome of any individual matter is not predictable with assurance, there are currently no actions with any agency that would reasonably be expected to have a material adverse effect on the Company's operations, financial condition, results, or liquidity.

Note 15—Segment Reporting

The Company provides aligner products primarily through its retail locations and internet site. The Company's chief operating decision maker views its operations and manages the business on a consolidated basis and, therefore the Company has one operating segment, aligner products, for segment reporting purposes in accordance with ASC 280-10, "*Segment Reporting*." For the six months ended June 30, 2019 and 2018, substantially all of the Company's revenues were generated by sales within the United States and substantially all of its net property, plant and equipment was within the United States.

Note 16—Supplemental Cash Flow Information

The supplemental cash flow information comprised of the following for the six months ended June 30:

	2019	2018
Interest paid	$ 7,118	$ 2,644
Purchases of equipment included in accounts payable	$ 9,119	$ 3,764
Property acquired under capital leases	$ 2,944	$ —
Promissory note issued in exchange for member unit redemptions	$ —	$ 1,546

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Shares

Class A Common stock

Preliminary Prospectus

J.P. Morgan
Citigroup
BofA Merrill Lynch
Jefferies
UBS Investment Bank
Credit Suisse
Guggenheim Securities
Stifel
William Blair
Loop Capital Markets

, 2019

Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to any unsold allotment or subscription.

PART II—INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Expenses of Issuance and Distribution

The following table sets forth the estimated costs and expenses, other than the underwriting discount, payable by us in connection with the sale of the securities being registered hereby. All amounts shown are estimates except the SEC registration fee and the Financial Industry Regulatory Authority filing fee.

Expenses of Issuance and Distribution ($ thousands)	$ Amount to be Paid	
SEC registration fee	$	
FINRA filing fee		
Listing fee		(a)
Transfer agent's fees		(a)
Printing and engraving expenses		(a)
Legal fees and expenses		(a)
Accounting fees and expenses		(a)
Blue Sky fees and expenses		(a)
Miscellaneous		(a)
Total Expenses of Issuance and Distribution	$	(a)

(a) To be completed by amendment

Item 14. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payment of dividends or unlawful stock purchases or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit. Our amended and restated certificate of incorporation will contain such a provision.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement in connection with specified actions, suits, or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation—a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. Our amended and restated certificate of incorporation and amended and restated bylaws will contain such a provision.

We have in effect a directors and officers liability insurance policy indemnifying our directors and officers for certain liabilities incurred by them, including liabilities under the Securities Act and the Exchange Act. We pay the entire premium of this policy.

We intend to enter into indemnification agreements with each of our directors and officers that provide the maximum indemnity allowed to directors and officers by Section 145 of the Delaware General Corporation Law and which allow for certain additional procedural protections.

These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of our officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

Item 15. Recent Sales of Unregistered Securities

Since three years before the date of the initial filing of this registration statement, the registrant has sold the following securities without registration under the Securities Act:

- In connection with the transactions described under "*Organizational Structure—Reorganization Transactions*" in the accompanying prospectus, the registrant will issue an aggregate of shares of its Class B common stock to the existing members of SDC Financial, LLC. The shares of Class B common stock described above will be issued for nominal consideration in reliance on the exemption contained in Section 4(a)(2) of the Securities Act of 1933 on the basis that the transaction will not involve a public offering. No underwriters will be involved in the transaction.

Item 16. Exhibits and Financial Statement Schedules

(a) ***Exhibits.*** See the Exhibit Index immediately preceding the signature pages hereto, which is incorporated by reference as if fully set forth herein.

(b) ***Financial Statement Schedules.*** None.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

- Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

- The undersigned registrant hereby undertakes that:

  a. For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

  b. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement(a)
3.1	Form of Amended and Restated Certificate of Incorporation(a)
3.2	Form of Amended and Restated By-Laws
4.1	Form of Voting Agreement by and among David Katzman and the parties named therein
4.2	Form of Registration Rights Agreement(a)
5.1	Form of Opinion of Skadden, Arps, Slate, Meagher & Flom LLP(a)
10.1	Form of Indemnification Agreement for Officers and Directors(a)(b)
10.2	Form of Amended and Restated Limited Liability Company Agreement of SDC Financial, LLC(a)
10.3	Form of Tax Receivable Agreement, by and among SmileDirectClub, Inc. and certain holders described therein(a)
10.4	Loan and Security Agreement, dated as of June 14, 2019, by and among SDC U.S. SmilePay SPV, as borrower, SmileDirectClub, LLC, as seller and servicer, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the lenders from time to time party thereto*
10.5	Form of SmileDirectClub, Inc. 2019 Omnibus Incentive Plan
10.6	Form of SmileDirectClub, Inc. 2019 Employee Stock Purchase Plan
10.7	Form of SmileDirectClub, Inc. Change in Control Severance Agreement
10.8	Form of SmileDirectClub, Inc. 2019 Omnibus Equity Incentive Plan Restricted Stock Unit Grant Notice
16.1	Letter Regarding Change in Accountants(a)
21.1	List of Subsidiaries of the Registrant(a)
23.1	Consent of Ernst & Young LLP
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)(a)
23.3	Consent of Frost & Sullivan
24.1	Power of Attorney (included in signature page)
99.1	Consent of William H. Frist, as director nominee
99.2	Consent of Richard F. Wallman, as director nominee

(a) To be filed by amendment.

(b) Management contract or compensatory plan or arrangement.

* Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant undertakes to furnish copies of any omitted exhibits and schedules to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Nashville, State of Tennessee, on the 15th day of August, 2019.

SMILEDIRECTCLUB, INC.

By: /s/ DAVID KATZMAN

Name: David Katzman
Title: *Chief Executive Officer*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below constitutes and appoints David Katzman and Kyle Wailes, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution for him in any and all capacities, to sign (i) any and all amendments (including post-effective amendments) to this registration statement and (ii) any registration statement or post-effective amendment thereto to be filed with the United States Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAVID KATZMAN David Katzman	Chief Executive Officer and Chairman (Principal Executive Officer)	August 15, 2019
/s/ KYLE WAILES Kyle Wailes	Chief Financial Officer (Principal Financial and Accounting Officer)	August 15, 2019
/s/ STEVEN KATZMAN Steven Katzman	Chief Operating Officer and Director	August 15, 2019
/s/ JORDAN KATZMAN Jordan Katzman	Director	August 15, 2019

Signature	Title	Date
/s/ ALEXANDER FENKELL Alexander Fenkell	Director	August 15, 2019
/s/ RICHARD SCHNALL Richard Schnall	Director	August 15, 2019
/s/ SUSAN GREENSPON RAMMELT Susan Greenspon Rammelt	General Counsel, Secretary, and Director	August 15, 2019

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

SMILEDIRECTCLUB, INC.

A Delaware Corporation

Effective [ ], 2019

TABLE OF CONTENTS

AMENDED AND RESTATED BY-LAWS
OF
SMILEDIRECTCLUB, INC.
(hereinafter called the "Corporation")

ARTICLE I
OFFICES

Section 1.1 Registered Office. The registered office of the Corporation shall be fixed in the certificate of incorporation of the Corporation, as amended and restated from time to time (the "**Certificate of Incorporation**").

Section 1.2 Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "**DGCL**").

Section 2.2 Annual Meetings. The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 2.3 Special Meetings. Unless otherwise required by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by the Chairman of the Board, if there be one, or the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

Section 2.4 Nature of Business at Meetings of Stockholders.

(a) Only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 2.5 hereof) may be transacted at an Annual Meeting of Stockholders as is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly

authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.4 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 2.4.

(b) In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each matter such stockholder proposes to bring before the Annual Meeting, a brief description of the business desired to be brought before the Annual Meeting and the proposed text of any proposal regarding such business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these bylaws, the text of the proposed amendment), and the reasons for conducting such business at the Annual Meeting, and (b) as to the stockholder giving notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and address of such person, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of

such person, with respect to stock of the Corporation; (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with or relating to (A) the Corporation or (B) the proposal, including any material interest in, or anticipated benefit from the proposal to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the Annual Meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations promulgated thereunder.

(d) A stockholder providing notice of business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the Annual Meeting.

(e) No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 2.4; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 2.4 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

(f) Nothing contained in this Section 2.4 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

Section 2.5 Nomination of Directors.

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special

Meeting of Stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.5 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting or Special Meeting and (ii) who complies with the notice procedures set forth in this Section 2.5.

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting or a Special Meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or

associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (iv) such person's written representation and agreement that such person (A) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation in such representation and agreement, (C) in such person's individual capacity, would be in compliance, if elected as a director of the Corporation, and will comply with, all applicable publicly disclosed confidentiality, corporate governance, conflict of interest, Regulation FD, code of conduct and ethics, and stock ownership and trading policies and guidelines of the Corporation, and (D) for the full term for which such person is standing for election, and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of the stockholder giving the notice and the name and principal place of business of such beneficial owner; (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (iii) a description of (A) all agreements, arrangements, or understandings (whether written or oral) between such person, or any affiliates or associates of such person, and any proposed nominee, or any affiliates or associates of such proposed nominee, (B) all agreements, arrangements, or understandings (whether written or oral) between such person, or any affiliates or associates of such person, and any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, or otherwise relating to the Corporation or their ownership of capital stock of the Corporation, and (C) any material interest of such

person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person; (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting or Special Meeting to nominate the persons named in its notice; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules.

(d) A stockholder providing notice of any nomination proposed to be made at an Annual Meeting or Special Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting or Special Meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Annual Meeting or Special Meeting.

(e) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.5. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 2.6 Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 2.7 Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the

adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 2.6 hereof shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 2.8 Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of a majority of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 2.7 hereof, until a quorum shall be present or represented.

Section 2.9 Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, or permitted by the rules of any stock exchange on which the Corporation's shares are listed and traded, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the Corporation's capital stock represented at the meeting and entitled to vote on such question, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 2.13(a) hereof, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder; provided, however, that until 5:00 p.m. in New York City, New York on the earlier of (i) the ten (10)-year anniversary of the IPO Date (as defined in the Certificate of Incorporation) or (ii) the date on which the shares of Class B Common Stock (as defined in the Certificate of Incorporation) beneficially held by the Voting Group (as defined in the Certificate of Incorporation) represent less than fifteen percent (15%) of the Class B Common Stock held by the Voting Group as of the IPO Date, each holder of shares of Class B Common Stock shall be entitled to cast ten (10) votes for each share of Class B Common Stock. Such votes may be cast in person or by proxy as provided in Section 2.10 hereof. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 2.10 Proxies. Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(a) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished

by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

(c) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 2.11 Consent of Stockholders in Lieu of Meeting. If and to the extent provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 2.11 and, if applicable, Section 2.13(b) hereof, to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this

Section 2.11, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided, however, that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this Section 2.11.

Section 2.12 List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.13 Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors (within ten (10) days of the date on which such a request is received, in the case of a stockholder request), the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded, to the attention of the Secretary of the Corporation. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 2.14 Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 2.12 hereof or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 2.15 Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any

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meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 2.16 Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

ARTICLE III
DIRECTORS

Section 3.1 Number and Election of Directors. Subject to the Amended and Restated Certificate of Incorporation, the number of directors shall be fixed by resolution of the Board of Directors. Except as provided in Section 3.2 hereof, directors shall be elected by a plurality of the votes cast at an Annual Meeting of Stockholders. Directors need not be stockholders. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2020 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2021 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2022 Annual Meeting or, in each case, upon such director's earlier death, resignation or removal. At each succeeding Annual Meeting of Stockholders beginning in 2020, successors to the

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class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified. If the total number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

Section 3.2 Vacancies. Unless otherwise required by law or the Certificate of Incorporation (a) any vacancy on the Board of Directors or any committee thereof that results from an increase in the number of directors constituting the Board of Directors or such committee may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and (b) any other vacancy occurring on the Board of Directors or any committee thereof, resulting from death, resignation, removal, or otherwise, may be filled only by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. In the case of the Board of Directors, any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class and any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor, in each case until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal. In the case of any committee of the Board of Directors, any director of any class elected to fill a vacancy shall hold office until his or her successor is duly appointed by the Board of Directors or until his or her earlier death, resignation or removal.

Section 3.3 Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 3.4 Meetings. The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors or any committee thereof may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or by any director. Special meetings of any committee of the Board of Directors may be called by the chairman of such committee, if there be one, the President, or any director serving on such committee. Notice thereof stating the place, date and hour of the meeting shall be given to each director (or, in the case of a committee, to each member of such committee) either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, telegram or electronic means on twenty-four (24) hours' notice, or

on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 3.5 Organization. At each meeting of the Board of Directors or any committee thereof, the Chairman of the Board of Directors or the chairman of such committee, as the case may be, or, in his or her absence or if there be none, a director chosen by a majority of the directors present, shall act as chairman. Except as provided below, the Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 3.6 Resignations and Removals of Directors. Any director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing or by electronic transmission to the Chairman of the Board of Directors, if there be one, the President or the Secretary of the Corporation and, in the case of a committee, to the chairman of such committee, if there be one. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law or the Certificate of Incorporation, and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors. Any director serving on a committee of the Board of Directors may be removed from such committee at any time by the Board of Directors.

Section 3.7 Quorum. Except as otherwise required by law, the Certificate of Incorporation or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business and the act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present. A meeting at which a quorum is initially present may

continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by a majority of the required quorum for that meeting.

Section 3.8 Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.9 Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.9 shall constitute presence in person at such meeting.

Section 3.10 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in this Article III, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these By-Laws and, to the extent that there is any

inconsistency between these By-Laws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

Section 3.11 Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 3.12 Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV
OFFICERS

Section 4.1 General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 4.2 Election. The Board of Directors, at its first meeting held after each Annual Meeting of Stockholders (or action by written consent of stockholders

in lieu of the Annual Meeting of Stockholders, if allowed by the Certificate of Incorporation), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 4.3 Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4.4 Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation, unless the Board of Directors designates the President as the Chief Executive Officer, and, except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 4.5 President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, if any, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and, provided the President is also a director, the Board of Directors. If the

Board of Directors shall not otherwise designate a Chief Executive Officer, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors.

Section 4.6 Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 4.7 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 4.8 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If

required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 4.9 Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 4.10 Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 4.11 Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V
STOCK

Section 5.1 Shares of Stock. Except as otherwise provided in a resolution approved by the Board of Directors, all shares of capital stock of the Corporation shall be uncertificated shares.

Section 5.2 Signatures. To the extent any shares are represented by certificates, any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar

before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 5.3 Lost Certificates. The Board of Directors may direct a new certificate or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.4 Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law, the Certificate of Incorporation and these By-Laws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement (to the extent any shares are represented by certificates), compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5.5 Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5.6 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 5.7 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI
NOTICES

Section 6.1 Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these By-Laws shall be effective if given by a form of electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Notice to directors or committee members may be given personally or by telegram, telex, cable or by means of electronic transmission.

Section 6.2 Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the

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person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

ARTICLE VII
GENERAL PROVISIONS

Section 7.1 Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 3.8 hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 7.2 Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 7.3 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 7.4 Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Actions Not By or in the Right of the Corporation. Subject to Section 8.3 hereof, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a

director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, for the avoidance of doubt, SDC Financial, LLC, a Delaware limited liability company ("**SDC Financial**")), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 8.2 Actions By or in the Right of the Corporation. Subject to Section 8.3 hereof, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, for the avoidance of doubt, SDC Financial), against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 8.3 Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 8.1 or 8.2 hereof, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by the affirmative vote of a majority of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person

or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 8.4 Good Faith Defined. For purposes of any determination under Section 8.3 hereof, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant, financial advisor, appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 8.4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 8.1 or 8.2 hereof, as the case may be.

Section 8.5 Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 8.3 hereof, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 8.1 or 8.2 hereof. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 8.1 or 8.2 hereof, as the case may be. Neither a contrary determination in the specific case under Section 8.3 hereof nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 8.5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 8.6 Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the

Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8.7 Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 8.1 or 8.2 hereof shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 8.1 or 8.2 hereof but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8.8 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, for the avoidance of doubt, SDC Financial) against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 8.9 Certain Definitions. For purposes of this Article VIII, references to "**the Corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, for the avoidance of doubt, SDC Financial), shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term "**another enterprise**" as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise (including, for the avoidance of doubt, SDC Financial) of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the Corporation**" shall include any service as a director, officer, employee or agent of

the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Corporation**" as referred to in this Article VIII.

Section 8.10 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 8.11 Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 8.5 hereof), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 8.12 Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX
FORUM FOR ADJUDICATION OF CERTAIN DISPUTES

Section 9.1 Forum for Adjudication of Certain Disputes. Unless the Corporation consents in writing to the selection of an alternative forum (an "**Alternative Forum Consent**"), the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation arising out of or relating to any provision of the General Corporation Law of Delaware or the Corporation's Certificate of Incorporation or Bylaws, or (iv) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation governed by the internal affairs doctrine of the State of Delaware; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a

prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Failure to enforce the foregoing provisions would cause the Corporation irreparable harm and the Corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.1. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Corporation's ongoing consent right as set forth above in this Section 9.1 with respect to any current or future actions or claims.

ARTICLE X
AMENDMENTS

Section 10.1 Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of the stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 $^{2}/_{3}$%) of the voting power of outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 10.2 Entire Board of Directors. As used in this Article X and in these By-Laws generally, the term "**entire Board of Directors**" means the total number of directors which the Corporation would have if there were no vacancies.

* * *

Adopted as of:

Last Amended as of:

Exhibit 4.1

FORM OF VOTING AGREEMENT

THIS VOTING AGREEMENT (this "Agreement") is made as of [·], 2019, by and among SmileDirectClub, Inc., a Delaware corporation (the "Company") and the persons and entities listed on the signature pages hereto (each, together with its successors, a "Stockholder" and collectively, the "Stockholders").

As used herein, the term "Majority Holder" shall mean David B. Katzman, in his individual capacity; and in the event David B. Katzman becomes unwilling or unable to continue to fulfill his obligations hereunder, as determined in good faith by the Company's board of directors, unless David B. Katzman is actively contesting such determination, Majority Holder shall mean Steven B. Katzman, in his individual capacity.

RECITALS

A. The Company and the Stockholders desire to secure a continuity of the management and business policies of the Company.

B. The Stockholders are holders of shares of Class A common stock, $0.0001 par value, and Class B common stock, $0.0001 par value, of the Company (the "Holder Common Shares").

C. This Agreement, among other things, requires the Stockholders to vote all Holder Common Shares and all shares of capital stock of the Company that a Stockholder hereafter acquires or as to which a Stockholder hereafter acquires the right to exercise voting power (together, all such Holder Common Shares and other shares of capital stock of the Company referred to in this sentence, the "Shares") in the manner set forth herein.

D. This Agreement is being entered into in exchange for a payment of U.S. $100 in cash from the Majority Holder to each Stockholder and for other good and valuable consideration, the sufficiency of which is hereby acknowledged and agreed.

THEREFORE, in consideration of the mutual promises herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Voting Arrangements. The Stockholders hereby agree that, on all matters properly submitted to a vote of stockholders of the Company at a meeting of the stockholders of the Company or through the solicitation of a written consent of the stockholders of the Company (whether of any individual class of stock or of multiple classes of stock voting together, and whether arising under the Company's certificate of incorporation or bylaws (as the same may be amended, restated or amended and restated and in effect from time to time), the Delaware General Corporation Law (or any successor thereto) or otherwise), the Stockholders shall vote such Shares or grant a proxy with respect to such Shares as determined by the Majority Holder in his sole discretion.

2. Illustrative Examples. Matters to which the voting arrangements described in Section 1 of this Agreement are applicable include, but are not limited to, the following, which are presented here solely by way of example:

(a) Election, replacement or removal of any or all directors of the Company (each, a "Director");

(b) Sale, lease, exchange or other disposition of all or substantially all of the Company's assets, *provided*, that any distribution to the stockholders of the Company of the proceeds of such sale or disposition are made in accordance with the Company's certificate of incorporation, as then in effect;

(c) Mergers of, or acquisitions by, the Company or its subsidiaries that are submitted for approval by stockholders of the Company; and

(d) Adoption by the Company of a rights plan or similar takeover defensive arrangements, or amendments thereof, or approval or ratification by the Company's stockholders of any such plan or amendment adopted by the Company upon the approval of its board of directors.

3. Manner of Voting. The Stockholders each agree to hold all Shares registered in their respective names or beneficially owned by them as of the date hereof and any and all other securities of the Company legally or beneficially acquired by each of the Investors after the date hereof (to the extent any Stockholder holds voting power with respect thereto) subject to, and to vote the Shares in accordance with, the provisions of this Agreement. The voting of Shares pursuant to this Agreement may be effected in person, by proxy, by written consent, or in any other manner permitted by applicable law. All of the Stockholders agree to execute any proxies or written consents required to perform their obligations under this Agreement.

4. Stock Splits, Dividends, Etc. In the event of any issuance of shares of the Company's voting securities hereafter to a Stockholder as a result of such Stockholder's ownership of Shares (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), such shares shall automatically be deemed "Shares" hereunder.

5. Specific Enforcement. It is agreed and understood that monetary damages would not adequately compensate an injured party for the breach of this Agreement by any party, that this Agreement shall be specifically enforceable, and that any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

6. Securities Laws, Rules and Regulations. The Stockholders, the Company and the Majority Holder agree and understand that the Stockholders, the Company and/or the Majority Holder may become subject to the registration and/or reporting requirements, rules and regulations of the Securities Exchange Act of 1934, as amended (the "Exchange Act"),

the Securities Act of 1933, as amended (the "Securities Act") and/or any state and federal securities laws (collectively with the Exchange Act and the Securities Act, the "Securities Laws"). The Stockholders, the Company and the Majority Holder agree to use their respective commercially reasonable efforts to comply with the Securities Laws and to reasonably assist each other in complying with the Securities Laws in a timely and prompt manner. Such compliance may include, for example and without limiting the foregoing, the filing and updating and maintaining of Schedule 13G and/or Schedule 13D under the Exchange Act. In furtherance thereof, the Stockholders shall notify the Majority Holder at least three business days prior to any transaction (including purchase, sale, pledge or hedge) with respect to the Shares.

7. Majority Holder's Liability. The Majority Holder shall not be liable for any error of judgment nor for any act done or omitted, nor for any mistake of fact or law nor for anything which the Majority Holder may do or refrain from doing in good faith, nor shall the Majority Holder have any accountability hereunder, except for his own bad faith, gross negligence or willful misconduct. Furthermore, upon any judicial or other inquiry or investigation of or concerning the Majority Holder's acts pursuant to his rights and powers as the Majority Holder, such acts shall be deemed reasonable and in the best interests of the Stockholders unless proved to the contrary by clear and convincing evidence.

8. Consideration. In connection with this Agreement and as consideration for the obligations of the Stockholders hereunder, the Majority Holder shall pay (by check, cash or other valid consideration) to each Stockholder the sum of U.S. $100.

9. Termination. This Agreement shall terminate:

(a) upon the liquidation, dissolution or winding up of the business operations of the Company;

(b) upon the execution by the Company of a general assignment for the benefit of creditors or the appointment of a receiver or trustee to take possession of the property and assets of the Company;

(c) in the sole discretion of the Majority Holder, upon the express written consent of the Majority Holder (which he shall be under no obligation to provide); or

(d) Upon the earlier of (i) the ten-year anniversary of the consummation of an initial public offering of shares of the Company's Class A common stock or (ii) the date on which the shares of Class B common stock held by the Stockholders and their permitted transferees represent less than 15% of the Class B common stock held by the Stockholders and their permitted transferees as of immediately following the consummation of an initial public offering of shares of the Company's Class A common stock.

10. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Company, the Stockholders and the Majority Holder. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or the respective successors and

assigns of the Company, the Stockholders and the Majority Holder any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Except for an assignment by the Company (i) by operation of law, or (ii) in connection with an acquisition, consolidation or merger of the Company or sale of all or substantially all of the Company's assets (which shall be permitted with only the written consent and notice of the Company), this Agreement may not be assigned without the written consent of the Majority Holder, the Company and the Stockholders.

11. Amendments and Waivers. Any term hereof may be amended or waived only with the written consent of the Stockholders holding a majority of the Shares held by the Stockholders and the Majority Holder, except where such amendment or waiver shall materially negatively alter the rights or obligations of the Company hereunder, in which case any such amendment or waiver shall also require the written consent of the Company. Any amendment or waiver effected in accordance with this Section 12 shall be binding upon the Company, the Majority Holder and the Stockholders, and each of the respective successors and assigns to the Company or the Majority Holder.

12. Notices. Notwithstanding anything to the contrary contained herein, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient and received on the earlier of (a) the date of delivery, when delivered personally, by overnight mail, courier or sent by electronic mail (e-mail) or fax, or (b) forty-eight hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address, e-mail address or fax number as set forth on Annex A hereto, or as subsequently modified by written notice. Any electronic mail (e-mail) communication shall be deemed to be "in writing" for purposes of this Agreement.

13. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of the Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of the Agreement shall be enforceable in accordance with its terms.

14. Governing Law; Jurisdiction; Venue.

(a) This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to conflict of law principles. In addition, each of the parties hereto (i) consents to submit itself to the exclusive jurisdiction of the courts of the State of Delaware in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (ii) agrees that it will not attempt to deny or defeat such jurisdiction by motion or other request for leave from such court, (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts of the State of Delaware, and (iv) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject to the jurisdiction of the above-named

courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

(b) Each party hereto hereby consents to service of process being made through the notice procedures set forth in Section 12 of this Agreement and agrees that, to the fullest extent permitted by law, service of any process, summons, notice or document by U.S. registered mail to the parties' respective addresses set forth on the signature page hereto shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Executed signatures to this Agreement may be delivered by any electronic means and any such electronically delivered signatures shall be deemed equivalent to manually executed signatures.

16. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of the day and year written above.

The Company

SmileDirectClub, Inc.

By: _____
David B. Katzman
Chief Executive Officer and Chairman

Stockholders

David B. Katzman

By: _____
David B. Katzman

DBK Investments, LLC

By: _____
David B. Katzman
Manager

David B. Katzman 2018 Irrevocable Trust

By: _____
South Dakota Trust Company LLC
Trustee

David B. Katzman 2009 Family Trust

By: _____
Steven B. Katzman
Trustee

Jordan M. Katzman 2018 Irrevocable Trust

By: _____
South Dakota Trust Company LLC
Trustee

Jordan M. Katzman Revocable Trust

By: _____
Jordan M. Katzman
Trustee

JM Katzman Investments, LLC

By: _____
Jordan M. Katzman
Manager

Jordan M. Katzman

By: _____
Jordan M. Katzman

Alexander J. Fenkell 2018 Irrevocable Trust

By: _____
Alexander J. Fenkell
Trustee

Alexander Fenkell Revocable Trust

By: _____
Alexander J. Fenkell
Trustee

Alexander J. Fenkell

By: _____
Alexander J. Fenkell

Steven B. Katzman

By: _____
Steven B. Katzman

Exhibit 10.4

Execution Copy

LOAN AND SECURITY AGREEMENT

by and among

SDC U.S. SMILEPAY SPV,
as the Borrower,

SMILEDIRECTCLUB, LLC,
as the Seller and Servicer,

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent and the Collateral Agent,

and

the LENDERS from time to time party hereto.

Dated as of June 14, 2019

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APPENDICES

SCHEDULES

EXHIBITS

LOAN AND SECURITY AGREEMENT

PREAMBLE

THIS LOAN AND SECURITY AGREEMENT (including all Appendices, Schedules and Exhibits hereto, this "Agreement") is made as of June 14, 2019, by and among SDC U.S. SMILEPAY SPV, a Delaware statutory trust (the "Borrower"), SMILEDIRECTCLUB LLC, a Tennessee limited liability company, as the Seller (the "Seller") and initial Servicer (in such capacity, the "Servicer"), JPMORGAN CHASE BANK, N.A., as the collateral agent (in such capacity, the "Collateral Agent"), JPMORGAN CHASE BANK, N.A., as the administrative agent (in such capacity, the "Administrative Agent"), and the financial institutions and asset-backed commercial paper conduits party hereto from time to time (the "Lenders"). Unless otherwise indicated, capitalized definitional terms used in this Agreement are defined in, and this Agreement shall be interpreted in accordance with, the provisions of Appendix A.

BACKGROUND

1. From and after the Closing Date, the Borrower intends to purchase Receivables from the Seller in accordance with the terms of the Purchase Agreement.

2. The Borrower intends to finance (or partially finance) its purchase of such Receivables as provided herein by requesting Advances from the Lenders as provided herein.

3. The Borrower may from time to time request, and the Lenders shall make, subject to the terms and conditions contained in this Agreement, Advances to the Borrower.

4. In order to secure its obligation to repay such Advances and its other Obligations arising hereunder, the Borrower shall pledge to the Collateral Agent, on behalf of the Secured Parties, the Collateral identified in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

ADVANCES

Section 1.01 Advances. During the Revolving Period and upon the terms and subject to the conditions hereinafter set forth, (i) each Conduit Lender may, in its discretion, and if and to the extent that such Conduit Lender determines not to, such Conduit Lender's related Committed Lender shall, and (ii) each other Lender that is not a Conduit Lender shall, severally but not jointly, from time to time, make loans to the Borrower secured by the Collateral (each such loan, an "Advance"); provided, however, that no such Advance shall cause the aggregate outstanding Loan Amount to exceed the lesser of the Program Limit and the Borrowing Base or cause the outstanding Loan Amount for any Committed Lender (together with the outstanding

amount of Advances of its related Conduit Lender, if any) to exceed such Committed Lender's Commitment.

Section 1.02 Borrowing Procedures. (a) Each Advance to be made hereunder shall be requested upon the Borrower's irrevocable written notice (which may be by email), substantially in the form of Exhibit A (each such request, a "Borrowing Request"), delivered to the Administrative Agent and each Lender no later than 2:00 p.m. (New York City time) at least two (2) Business Days prior to the requested Borrowing Date, which notice shall (A) specify the amount requested to be advanced by the Lenders (which amount shall be in a minimum amount of $1,000,000 or integral multiples of $100,000 in excess thereof) and the amount of each Lender's Percentage of such requested amount, (B) specify the proposed Borrowing Date, and (C) certify that all prerequisite conditions for the making of such Advance set forth in Sections 1.01, 5.01 and 5.02 have been satisfied. Each such Borrowing Request shall be accompanied by a Schedule of Receivables (or pro forma supplement thereto). Each such Borrowing Request shall be deemed to be a request by the Borrower to each Lender to fund such Lender's Percentage of the requested Advance.

(b) Upon the satisfaction of each of the conditions precedent set forth in Sections 5.01 and 5.02 and subject to Section 1.01, on each Borrowing Date each Lender shall remit, or cause to be remitted on its behalf, to the Borrower's Account, its Percentage of any Advance, in same day funds, by wire transfer to the Borrower's Account not later than 2:00 p.m. (New York City time).

(c) The obligation of each Lender to fund Advances shall apply severally and not jointly to each Lender in proportion to its Percentage; *provided* that with respect to each Conduit Lender, the obligation to fund Advances shall apply with respect to its related Committed Lender, and nothing contained herein shall impose any obligation on any Lender to fund any Advance, in whole or in part, in excess of its Commitment.

Section 1.03 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitment of each Lender shall terminate on the Commitment Termination Date.

(b) Subject to Section 1.03(d), the Borrower may at any time terminate the Commitments of all of the Lenders, in whole but not in part, upon (A) the payment in full of all outstanding Advances, together with accrued interest thereon, (B) the payment in full of all accrued fees hereunder and under each other Transaction Document and (C) the payment in full of all accrued expenses and other Obligations (excluding contingent Obligations not then due) hereunder or under each other Transaction Document.

(c) Subject to Section 1.03(d), the Borrower may at any time reduce the Program Limit to an amount not less than the greater of (x) $250,000,000 and (y) the Loan Amount at the time of such reduction (after giving effect to any repayment of the Loan Amount on such date). Upon any such reduction of the Program Limit, the Commitment of each Committed Lender shall automatically be ratably reduced such that the aggregate Commitment of all Lenders is equal to the Program Limit as so reduced. Any such reduction of the Program

Limit shall be in a minimum amount of $5,000,000 or integral multiples of $1,000,000 in excess thereof.

(d) The Borrower shall notify the Administrative Agent and each Lender of any election to terminate the Commitments under Section 1.03(b) or to reduce the Program Limit in part under Section 1.03(c), in either case, not later than 11:00 a.m., New York City time, at least three (3) Business Days prior to the effective date of such termination or reduction. Such notice shall be irrevocable (but may be conditional on the closing of another transaction) and shall specify the termination or reduction date and the principal amount of the aggregate Advances to be prepaid in connection with the termination of the Commitment; *provided* that, if an Advance is prepaid on any day other than the date set forth in such notice, or the Borrower revokes any notice of termination of the Commitments or of prepayment previously delivered pursuant to this Section 1.03, the Borrower shall also pay any amounts owing pursuant to Section 4.03.

Section 1.04 Extension of Scheduled Amortization Date.

(a) Provided that no Event of Default or Amortization Event has occurred and is continuing, the Borrower may request that the Scheduled Amortization Date be extended, in the manner set forth in this Section 1.04. If the Borrower wishes to request an extension of the Scheduled Amortization Date, it shall give notice to that effect to the Administrative Agent not less than thirty (30) days prior to the Scheduled Amortization Date then in effect (such Scheduled Amortization Date then in effect, the "Extension Deadline"), whereupon the Administrative Agent shall promptly notify each of the Lenders of such request. Each Lender will use reasonable efforts to respond to such request, whether affirmatively or negatively, as it may elect in its discretion, within fifteen (15) days of such request (or such longer period as the Borrower and the Administrative Agent may reasonably agree) to the Administrative Agent. If any Lender shall not have responded affirmatively within such fifteen (15) day period (or such longer period, if applicable), such Lender shall be deemed to have rejected the Borrower's proposal to extend the Scheduled Amortization Date, and the Scheduled Amortization Date shall be deemed to be extended solely with respect to those Lenders which have responded affirmatively, subject to receipt by the Administrative Agent of counterparts of an extension agreement in form reasonably satisfactory to the Administrative Agent and the Borrower (an "Extension Agreement"), duly completed and signed by the Borrower, the Administrative Agent and all of the Lenders which have responded affirmatively. The Administrative Agent shall provide to the Borrower, no later than ten (10) days prior to the Extension Deadline for any such request, a list of the Lenders which have responded affirmatively. The Extension Agreement shall be executed and delivered no later than the Extension Deadline, and no extension of the Scheduled Amortization Date pursuant to this Section 1.04 shall be legally binding on any party hereto unless and until such Extension Agreement is so executed and delivered by the Administrative Agent, the Collateral Agent and Lenders holding fifty percent (50%) or more of the Loan Amount.

(b) If any Lender rejects, or is deemed to have rejected, the Borrower's proposal to extend the Scheduled Amortization Date, (i) the Commitment of such Lender shall terminate on the Scheduled Amortization Date that shall have been in effect at the time the request by the Borrower for an extension was made, (ii) payment by the Borrower to such

Lender (and the related Conduit Lender, if any) of the following amounts shall become due (to the extent not previously otherwise becoming due in accordance with this Agreement) on such previously-effective Scheduled Amortization Date: (x) the outstanding Advances and accrued and unpaid interest thereon payable to such Lender (and the related Conduit Lender, if any), and (y) all other Obligations then outstanding and owed to such Lender (and the related Conduit Lender, if any), (iii) if such Lender is the Administrative Agent, the Collateral Agent or an Affiliate of either of them, no such extension of the Scheduled Amortization Date shall be effective unless (x) a successor Administrative Agent and Collateral Agent, as applicable, have been appointed and have accepted such appointment pursuant to an instrument of assumption in form and substance reasonably satisfactory to the existing Administrative Agent and Collateral Agent, as applicable, and (y) the existing Administrative Agent and Collateral Agent, as applicable, have been discharged from all duties and obligations hereunder and under each of the other Transaction Documents and all Obligations then outstanding and owed to such Person have been paid in full and (iv) the Borrower may, if it so elects, designate a Person not then a Lender and reasonably acceptable to the Administrative Agent to become a Lender, or agree with an existing Lender that such Lender's Commitment shall be increased; *provided*, that the Borrower shall provide the Administrative Agent in its capacity as Lender a right of first refusal (but not an obligation) to provide such Commitment increase; *provided*, *further*, that the aggregate amount of the Commitments following any designation or agreement may not exceed the Program Limit as in effect immediately prior to the relevant request. Upon execution and delivery by the Borrower and such existing or replacement Lender of an instrument of assumption in form and amount reasonably satisfactory to the Administrative Agent and execution and delivery of the Extension Agreement pursuant to Section 1.04(a), such existing Lender shall have a Commitment as therein set forth or such replacement Lender shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder. On each Extension Deadline, notwithstanding any provisions hereof to the contrary requiring that borrowings and prepayments be made ratably, so long as each of the conditions set forth in Section 5.02 are then satisfied, the Borrower shall borrow from the relevant Lenders, and the relevant Lenders shall make Advances to the Borrower, and the Borrower shall repay outstanding Advances held by the other Lenders, in each case in such amounts as may be necessary (if any) so that, upon giving effect thereto, the outstanding Advances shall be held among the Committed Lenders (together with their respective Conduit Lenders, as applicable) pro rata in accordance with their respective Commitments (as modified pursuant to the related Extension Agreement). Any prepayment and reborrowing pursuant to the preceding sentence shall be effected, to the maximum extent practical, through the netting of amounts payable between the Borrower and the respective Lenders with a view toward minimizing Breakage Costs and transfers of funds.

(c) The Administrative Agent shall promptly notify the Lenders and the Borrower of the effectiveness of each extension of the Scheduled Amortization Date pursuant to this Section 1.04.

Section 1.05 Program Limit Increase.

(a) Provided that no Event of Default or Amortization Event has occurred and is continuing, the Borrower may from time to time, at any time prior to the Commitment Termination Date, by notice to the Administrative Agent, request that the Program Limit be

increased by an amount of $5,000,000 or an integral multiple thereof (each a "Program Limit Increase") to be effective as of a date (an "Increase Date") specified in the related notice to the Administrative Agent; provided, however that in no event shall the Program Limit at any time exceed $750,000,000; provided, further that the Borrower shall provide the Administrative Agent in its capacity as Lender a right of first refusal (but not an obligation) to increase its Commitment in the amount of such Program Limit increase; provided, further, however each Program Limit Increase shall rank *pari passu* with, and shall be on terms identical to (excluding upfront fees, which need not be on terms identical to), the existing Commitments in effect immediately prior to giving effect to such Program Limit Increase.

(b) In its notice to the Administrative Agent regarding a Program Limit Increase, the Borrower shall specify the amount of such Program Limit Increase, each existing Lender (each an "Increasing Lender") and each additional lender that is a bank or other financial institution that is reasonably acceptable to the Administrative Agent (each a "New Lender") that is willing to provide an additional or new Commitment in respect thereof, the amount of each Increasing Lender's additional Commitment in respect thereof (if any), the amount of each New Lender's new Commitment in respect thereof (if any) and the related Increase Date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any increase in its Commitment.

(c) Any Increasing Lender that elects to increase its Commitment shall execute a Commitment Increase Supplement, whereupon such Increasing Lender's Commitment shall increase by the amount set forth therein effective on the Increase Date specified therein. Any New Lender that elects to become a "Lender" under this Agreement shall execute a New Lender Supplement, whereupon such New Lender shall become a Lender, with a Commitment in the amount set forth therein that is effective on the Increase Date specified therein, for all purposes and to the same extent as if originally a Lender party hereto and shall be bound by and entitled to the benefits of this Agreement.

(d) On each Increase Date, notwithstanding any provisions hereof to the contrary, so long as each of the conditions set forth in Section 5.02 are then satisfied, the Borrower shall borrow from the Increasing Lenders and the New Lenders, and such Lenders shall make Advances to the Borrower, and the Borrower shall repay Advances held by the other Lenders, in each case in such amounts as may be necessary (if any) so that, upon giving effect thereto, the Advances shall be held among the Committed Lenders (together with their respective Conduit Lenders, as applicable) pro rata in accordance with their respective Commitments as so increased. Any prepayment and reborrowing pursuant to the preceding sentence shall be effected, to the maximum extent practical, through the netting of amounts payable between the Borrower and the respective Lenders with a view toward minimizing Breakage Costs and transfers of funds.

Section 1.06 Grant of Security Interest. (a) Each of the Trustee, on behalf of the Borrower, and the Borrower (to the extent that it has any right, title or interest in the Collateral), hereby grants to the Collateral Agent, on the Closing Date, for the benefit of the Secured Parties, a continuing lien and security interest in all of its respective right, title and interest in, to and under the Collateral, whether now owned or existing or hereafter acquired or arising. Such lien and security interest shall secure all of the Trustee's obligations in its capacity as such under the

Trust Agreement in favor of the Secured Parties and the Borrower's obligations to the Secured Parties (monetary or otherwise) hereunder and under the other Transaction Documents to which the Borrower is a party, including, without limitation, the repayments of the Advances, the payment of all Indemnified Amounts, the obligation of the Borrower to cause the Servicer to remit all Collections, if any, to the Collection Account and all other Obligations (such secured obligations are hereinafter sometimes collectively referred to as the "Secured Obligations"). The Collateral Agent hereby accepts the foregoing grant of a security interest in the Collateral, and agrees to hold such security interest for the benefit of the Secured Parties pursuant to the terms of this Agreement. This Agreement shall constitute a security agreement under Applicable Law.

(b) The parties acknowledge and agree that the foregoing grant of a security interest includes a collateral assignment to the Collateral Agent, for the benefit of the Secured Parties, of all of the Borrower's right, title and interest in, to and under the Servicing Agreement, the Purchase Agreement and the other Transaction Documents and the Borrower agrees that the Collateral Agent (on behalf of the Secured Parties) has the right, at any time after the occurrence and during the continuation of an Event of Default of the types specified in Sections 8.02(a), 8.02(e) or 8.02(i) (without otherwise limiting the Collateral Agent's remedies and other rights pursuant to Section 8.03), to give or withhold consents, directions, demands, extensions or waivers (in each case, on behalf of the Borrower) under or with respect to, and the right to take such actions necessary to maintain in full force and effect, the Servicing Agreement, the Purchase Agreement and the other Transaction Documents, in each case to the extent applicable to the Receivables and the other Collateral, but subject to Section 12.01.

(c) The Borrower acknowledges that the foregoing grant of a security interest in the Collateral is intended to grant a security interest in all of the Borrower's assets (except as expressly as provided as an exclusion in the definition of Collateral). The Borrower hereby irrevocably authorizes the Collateral Agent (and its designee, if any) at any time and from time to time to file in any filing office in any UCC jurisdiction any initial financing statements and amendments (including continuation statements) thereto that (a) indicate the Collateral, (i) as all assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower.

(d) In furtherance of the foregoing, the Borrower hereby irrevocably constitutes and appoints the Collateral Agent, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority exercisable only during the continuance of an Event of Default or a Servicer Default or if the Collateral Agent has been exercising any remedies hereunder or the initial Servicer has been or is being replaced in the place and stead of the Borrower and in the name of the Borrower or in its own name, from time to time, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and which are consistent with the terms of this Agreement; *provided*, *however*, that the Collateral Agent has no obligation or duty to take such action or to determine whether to perfect, file,

record or maintain any perfected, filed or recorded document or instrument in connection with the grant or security interest in the Collateral hereunder. The Borrower hereby ratifies, to the extent permitted by law, all actions that said attorney shall lawfully do, or cause to be done, by virtue hereof and which are consistent with the terms of this Agreement. The power of attorney granted pursuant to this Section 1.06(d) is a power coupled with an interest and shall be irrevocable until the Obligations (other than contingent Obligations not then due) have been paid in full. The powers conferred on the Collateral Agent hereunder are solely to protect the Collateral Agent's interests in the Collateral and shall not impose any duty upon it to exercise any such powers except as set forth herein. The Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees, agents or representatives shall be responsible to the Borrower for any act or failure to act, except for its own bad faith, material breach in bad faith of its express obligations under this Agreement, gross negligence or willful misconduct.

ARTICLE II

REPAYMENT

Section 2.01 Repayment. The Loan Amount shall be paid from time to time as set forth in Sections 2.03 and 3.03. The Administrative Agent, on behalf of the Lenders, shall record in its records the date and amount of each Advance made hereunder, each repayment thereof, and other information it deems appropriate. The Loan Amount so recorded shall be presumptive evidence of the principal amount owing and not repaid on the Advances. The failure so to record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the actual obligations of the Borrower hereunder to repay the Loan Amount, together with all interest accruing thereon, as set forth in this Agreement.

Section 2.02 Interest on Advances.

(a) Interest Rates.

(i) Interest Generally. The Loan Amount shall accrue interest on each day at a per annum rate equal to the Interest Rate for the related Interest Period *plus* the Applicable Margin, which interest in each case shall be payable as set forth in clause (b) below and Section 3.03.

(ii) Late Payments. Notwithstanding the foregoing, if any principal of or interest on any Advance is not paid when due (after giving effect to any grace or cure period), whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to 2% *plus* the rate otherwise applicable to such Advance as provided paragraph (a)(i) above.

(b) Interest Settlement Dates. Interest accrued on the Loan Amount shall be paid on (i) each Settlement Date, (ii) each Prepayment Date, and (iii) the Final Maturity Date, provided that interest accrued pursuant to paragraph (a)(ii) above of this Section shall be payable on demand.

(c) LIBOR Notification. The Adjusted Eurodollar Rate is determined by reference to the Three-Month LIBOR Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the Adjusted Eurodollar Rate. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 4.04 of this Agreement, such Section 4.04 provides a mechanism for determining an alternative rate of interest. The Administrative Agent and the Borrower will endeavor to agree, pursuant to Section 4.04, in advance of any change to the reference rate upon which the Adjusted Eurodollar Rate is based. However (and except for the computation of the rate and the obligations specifically provided in Section 4.04 and elsewhere in this Agreement), the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Three-Month LIBOR Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 4.04 will be similar to, or produce the same value or economic equivalence of, the Three-Month LIBOR Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

Section 2.03 Repayments and Prepayments. The Borrower shall, and hereby unconditionally promises to, repay in full the Loan Amount and all other Obligations (excluding contingent Obligations not then due) on the Final Maturity Date. The Borrower:

(a) shall, without requiring the prior consent of the Lenders, the Collateral Agent or the Administrative Agent, (1) on any Settlement Date on which a Borrowing Base Deficiency exists (after giving effect to the distribution of Available Funds on such Settlement Date in accordance with Section 3.03(a)), and (2) on, or prior to, the second (2nd) Business Day following the date on which a Responsible Officer of the Borrower has obtained knowledge or written notice that such Borrowing Base Deficiency exists, prepay the Loan Amount so that after giving effect to such prepayment, no Borrowing Base Deficiency would exist, or otherwise cure such Borrowing Base Deficiency; and

(b) may, from time to time prepay the Loan Amount in whole or in part (subject to Section 4.03) upon two (2) Business Days' prior written notice (which notice may be conditional upon the closing of another transaction) of the proposed prepayment date to the Administrative Agent; *provided* that (i) any such prepayment shall be in a principal amount equal to or greater than $1,000,000 and (ii) the Borrower shall pay in full all accrued interest on the portion of the Loan Amount so prepaid.

Each of the foregoing repayments and prepayments, as applicable, shall be deposited into the Collection Account and be applied by the Administrative Agent in accordance with the priorities set forth in Section 3.03.

The Borrower shall inform the Administrative Agent promptly, in writing, upon the discovery of any event that gave rise to a prepayment obligation pursuant to this Section 2.03.

Section 2.04 General Procedures. The Loan Amount shall not be considered reduced by any allocation, setting aside or distribution of any portion of Collections unless such Collections shall have been actually delivered to the Administrative Agent for the purpose of paying principal on such Loan Amount. No principal or interest shall be considered paid by any distribution of any portion of Collections if at any time such distribution is rescinded or must otherwise be returned for any reason. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum permitted by Applicable Law.

Section 2.05 Characterization of Loan Amount. The parties hereto intend and agree that, for the purposes of all Taxes, each Advance constitutes indebtedness that is secured by the Receivables, all Related Assets and all Collections with respect thereto (the "Intended Tax Characterization"). Except to the extent otherwise required pursuant to a "determination" (as defined in Section 1313(a) of the Code or any similar provision of state or local tax law), the parties hereto agree to report and otherwise to act for the purposes of all Taxes in a manner consistent with the Intended Tax Characterization.

Section 2.06 Taxes.

(a) Defined Terms. For purposes of this Section 2.06, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the Borrower or the Administrative Agent) requires the deduction or withholding of any Tax from any such payment by the Borrower or the Administrative Agent, then the Borrower or the Administrative Agent, as applicable, shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Regulatory Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.06) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Regulatory Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after written demand therefor accompanied by supporting documentation in reasonable detail, for the full amount of (I) any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.06) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Regulatory Authority and (II) any Taxes that arise because any Advance is not treated consistently by the Borrower or any of its Affiliates with the Intended Tax Characterization (except to the extent required pursuant to a "determination" (as defined in Section 1313(a) of the Code or any similar provision of state or local tax law)). A certificate as to the amount of such payment or liability accompanied by supporting documentation in reasonable detail delivered to the Borrower by a Lender contemporaneously with the demand for payment hereunder (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent demonstrable error.

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Regulatory Authority pursuant to this Section 2.06, the Borrower shall deliver to the applicable Lender and the Administrative Agent the original or a certified copy of a receipt issued by such Regulatory Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the applicable Lender and the Administrative Agent.

(f) Status of the Lenders. (i) Each Lender, if entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document, shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as shall permit such payments to be made without withholding or at a reduced rate of withholding. In addition, each Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as shall enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in sub-clauses 2.06(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if, in such Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing:

(ii) (A) Any U.S. Lender shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the Borrower or the Administrative Agent) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Transaction Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, executed copies of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit K-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E;

(iv) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit K-2 or Exhibit K-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a

U.S. Tax Compliance Certificate substantially in the form of Exhibit K-4 on behalf of each such direct and indirect partner; or

(v) for purposes of furnishing the U.S. Tax Compliance Certificate as described in the foregoing clauses (iii) and (iv), if a Foreign Lender (or a foreign Participant) is a Disregarded Entity, the Foreign Lender will submit such certificate based on the status of the Person that is treated for U.S. federal income tax purposes as being the sole owner of such Lender or Participant;

(C) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the Borrower or the Administrative Agent) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent) executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower, the Administrative Agent and the Collateral Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower, the Administrative Agent or the Collateral Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower, the Administrative Agent or the Collateral Agent as may be necessary for the Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(iv) The Administrative Agent and any successor Administrative Agent shall deliver to the Borrower either (i) an executed copy of IRS Form W-9 or (ii) a duly

completed and executed copy IRS Form W-8ECI to establish that the Administrative Agent is not subject to withholding Taxes under the Code with respect to amounts payable for the account of the Administrative Agent under any of the Transaction Documents. The Administrative Agent agrees that if such IRS Form W-9 or W-8ECI, as applicable, previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or promptly notify the Borrower in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.06 (including by the payment of additional amounts pursuant to this Section 2.06), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.06 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Regulatory Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.06(g) (plus any penalties, interest or other charges imposed by the relevant Regulatory Authority) in the event that such indemnified party is required to repay such refund to such Regulatory Authority. Notwithstanding anything to the contrary in this Section 2.06(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.06(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.06(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.01(g) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Transaction Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Regulatory Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent demonstrable error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Transaction Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (h).

ARTICLE III

SETTLEMENTS

Section 3.01 Accounts.

(a) Collection Account. The Borrower has established in its name an account identified as account number 641000616 (the "Collection Account"), which Account is a segregated account maintained at JPMorgan Chase Bank, N.A. or another financial institution selected by the Borrower and reasonably acceptable to Collateral Agent and the Required Lenders (the "Account Bank"), and shall be subject to an Account Control Agreement reasonably satisfactory to the Collateral Agent, to the extent the Collection Account is not held at JPMorgan Chase Bank, N.A. All amounts in the Collection Account shall be held by the Account Bank for the benefit of the Borrower and the Collateral Agent on behalf of the Secured Parties as part of the Collateral.

(b) Interest Reserve Account. The Borrower has established in its name an account identified as account number 182117710 at the Account Bank (the "Interest Reserve Account"), which Account is a segregated account maintained at the Account Bank and shall be subject to an Account Control Agreement reasonably satisfactory to the Collateral Agent, to the extent the Interest Reserve Account is not held at JPMorgan Chase Bank, N.A. On each Settlement Date, the Administrative Agent shall withdraw from the Interest Reserve Account funds in an amount equal to all amounts then on deposit in the Interest Reserve Account in excess of the Required Interest Reserve Amount and deposit such funds into the Collection Account for distribution in accordance with the applicable priority of payments set forth in Section 3.03. If at any time the Collections received by the Servicer during the prior Collection Period is less than the Required Monthly Payments for the related Settlement Date, in each case, as reported in the Monthly Report delivered by the Servicer in accordance with the Servicing Agreement, then the Administrative Agent shall withdraw from the Interest Reserve Account funds in an amount equal to the applicable Interest Reserve Account Draw Amount (to the extent of the funds available therein) and deposit such funds into the Collection Account on such Settlement Date for distribution in accordance with the applicable priority of payments set forth in Section 3.03. On the first Settlement Date immediately preceding the Final Maturity Date, the Administrative Agent shall withdraw from the Interest Reserve Account funds in an amount equal to all amounts then on deposit in the Interest Reserve Account and deposit such funds into the Collection Account for distribution in accordance with the applicable priority of payments set forth in Section 3.03.

(c) Permitted Investments. Funds on deposit in the Collection Account and the Interest Reserve Account shall be invested in Permitted Investments selected in writing by the initial Servicer and of which the initial Servicer provides notification (pursuant to standing instructions or otherwise); provided that it is understood and agreed that neither the Administrative Agent nor the Collateral Agent shall be liable for any loss arising from such investment in Permitted Investments. Absent such written direction (pursuant to standing instructions or otherwise) from the initial Servicer, funds on deposit in either the Collection Account or the Interest Reserve Account will remain un-invested (it being understood that the Collection Account and the Interest Reserve Account may be interest-bearing), provided, that it

is understood and agreed that any Successor Servicer shall not have any liability for not providing any such written direction. All such Permitted Investments shall be held by or on behalf of the Collateral Agent for the benefit of the Borrower and the Secured Parties. All investments of funds on deposit in the Collection Account or the Interest Reserve Account shall mature so that such funds will be available on the Business Day prior to the next Settlement Date. No Permitted Investment shall be sold or otherwise disposed of prior to its scheduled maturity unless the Administrative Agent directs the Collateral Agent in writing to dispose of such Permitted Investment. All Investment Earnings and losses shall be for the account of Borrower. The Administrative Agent shall cause the deposit of such Investment Earnings into the Collection Account (to the extent not already on deposit therein) in order for the Obligations then due of the Borrower to be paid in accordance with Section 3.03.

Section 3.02 Collection of Moneys and the Collection Account; Releases.

(a) Collections. The Borrower shall cause, or direct the Servicer to cause, the deposit of all Collections into the Collection Account as required by the terms of the Servicing Agreement and this Section 3.02(a). If, at any time, any of the Borrower, the Servicer or any Affiliate thereof shall receive any Collections, such Person shall hold such Collections for the benefit of the Secured Parties and shall, within two (2) Business Days after receipt and identification thereof, deliver such Collections in the form received (endorsed as necessary for transfer) to the Servicer for deposit in the Collection Account; provided, however, notwithstanding the foregoing, to the extent that Collections in an aggregate amount outstanding at any time not to exceed $100,000 are received by the Originators, such Originators shall deliver such Collections in the form received (endorsed as necessary for transfer) to the Servicer for deposit in the Collection Account as promptly as commercially practicable after receipt and identification thereof.

(b) Releases. During the Revolving Period and upon the terms and subject to the conditions hereinafter set forth, the Borrower may request a release of funds from the Collection Account (each, a "Release") by providing written notice (which may be by email), substantially in the form of Exhibit M (each such request, a "Release Request"), delivered to the Administrative Agent and each Lender no later than 2:00 p.m. (New York City time) at least two (2) Business Days prior to the requested Release Date, with up to one (1) Release per calendar month, which notice shall (A) specify the amount requested to be released, (B) specify the requested Release Date (which shall be a Business Day) and (C) certify that each of the prerequisite conditions for the making of such Release set forth in Section 5.03 (the "Release Conditions") are then satisfied. Each such Release Request shall be accompanied by a Schedule of Receivables (or pro forma supplement thereto). Upon satisfaction of each of the Release Conditions, on each Release Date the Collateral Agent shall remit to the Borrower in same day funds, by wire transfer to the Borrower's Account not later than 2:00 p.m. (New York City time), an amount equal to the lesser of (x) the applicable Release Amount and (y) the amount of available funds then on deposit in the Collection Account in excess of the Required Collection Account Amount. The Release Amount may be distributed by the Borrower to SmileDirect free and clear of any Lien hereunder.

Section 3.03 Distributions from the Collection Account.

(a) Distributions Prior to the Revolving Period End Date. Prior to the Revolving Period End Date, based on information supplied to the Administrative Agent by the Servicer in the related Monthly Report and delivered to the Administrative Agent at least two Business Days prior to the Settlement Date, the Available Funds for each Settlement Date on deposit in the Collection Account on such Settlement Date shall be disbursed by the Administrative Agent from the Collection Account and applied on such Settlement Date in the following order of priority:

first, to the Collateral Agent, any accrued Collateral Agent Fees, expenses and indemnity amounts due to the Collateral Agent;

second, to the Account Bank, any accrued Account Bank Fees, expenses and indemnity amounts due to the Account Bank pursuant to the Account Control Agreement or any related agreement; *provided* that, amounts paid pursuant to this clause second shall not, in the aggregate, exceed $10,000 in any calendar year;

third, (A) *pro rata* (i) to the Back-Up Servicer (to the extent not paid by the Servicer), any accrued fees due to the Back-Up Servicer as provided in the Back-Up Servicing Agreement, (ii) to the Trustee, any accrued fees due to the Trustee as provided in the Trust Agreement, and (iii) to the Servicer, an amount sufficient to pay the Servicer the Senior Servicing Compensation with respect to the preceding Collection Period less any portion of such Senior Servicing Compensation previously netted against the applicable Collections; provided, to the extent the Available Funds on deposit in the Collection Account on the applicable Settlement Date are insufficient to cover all fees, expenses and/or indemnity amounts payable pursuant to clauses first through third, the Servicer shall remit, in immediately available funds, to the Administrative Agent within one (1) Business Day any of such Servicing Compensation netted against Collections for prompt disbursement by the Administrative Agent in accordance with this Section 3.03(a); and (B) *pro rata* (i) to the Back-Up Servicer (to the extent not paid by the Servicer), any accrued amounts (other than fees paid pursuant to clause (A)) due to the Back-Up Servicer as provided in the Back-Up Servicing Agreement; *provided* that, amounts paid pursuant to this clause (i) (together with amounts paid pursuant to clause (B)(i) of clause third of Section 3.03(b)) shall not, in the aggregate, exceed the Back-Up Servicer Cap in any calendar year, (ii) to the Trustee, any accrued amounts (other than fees paid pursuant to clause (A)) due to the Trustee as provided in the Trust Agreement, and (iii) to the Servicer, any accrued amounts (other than Servicing Compensation paid pursuant to clause (A)) due to the Servicer as provided in the Servicing Agreement; *provided* that, amounts paid pursuant to this clause (B) (other than amounts paid pursuant to clause (B)(i)) shall not, in the aggregate, exceed $100,000 in any calendar year;

fourth, to the Administrative Agent, an amount sufficient to pay the Administrative Agent the Administrative Agent Fees with respect to the preceding Collection Period;

fifth, to each Lender, *pro rata*, based on the amount due to each Lender under this clause fifth, an amount equal to (i) all interest accrued at the applicable Interest

Rate plus the Applicable Margin in respect of the Loan Amount for the related Interest Period (including any adjustments made pursuant to Section 2.02(a)) and (ii) the Undrawn Fees for the related Collection Period together with any other fees owed pursuant to the Fee Letter;

sixth, to each Lender, *pro rata*, based on the Percentage of the Loan Amount held by such Lender, the Principal Payment Amount, to be applied to the reduction of the Loan Amount on such date;

seventh, to the Interest Reserve Account, to the extent there is an Interest Reserve Deficiency, until the amount on deposit therein equals the Required Interest Reserve Amount;

eighth, an amount equal to any other amounts due and owing to the Collateral Agent, the Administrative Agent, each Lender, any Affected Party, any Indemnified Party, the Account Bank, the Back-Up Servicer (including in its capacity as Successor Primary Servicer), the Trustee or any Secured Party pursuant to this Agreement or the other Transaction Documents shall, in each case, be distributed to such Persons as the case may be, in proportion to the amount owed to each such Person in accordance with this Agreement and the other Transaction Documents on such date;

ninth, to the Servicer, an amount equal to any other amounts due and owing to the Servicer, including any Servicer Error Payment and Servicing Compensation not otherwise distributed pursuant to clause third above;

tenth, to the Administrator, any accrued fees due to the Administrator as provided in the Administration Agreement; and

eleventh, so long as no Unmatured Amortization Event, Unmatured Event of Default or Unmatured Servicer Termination Event exists, all remaining amounts shall, at the Borrower's election, be released to the Borrower or its designee on such date.

Any amounts remaining in the Collection Account after the application of clause *eleventh* above shall remain in the Collection Account and shall again constitute part of the Available Funds on the next succeeding Settlement Date or on the Final Payout Date, to be applied in accordance with this Section 3.03(a) on such Settlement Date or on the Final Payout Date, as applicable.

(b) Distributions Following the Revolving Period End Date. On and after the Revolving Period End Date, based on information supplied to the Administrative Agent by the Servicer in the related Monthly Report and delivered to the Administrative Agent at least two Business Days prior to the Settlement Date, the Available Funds for each Settlement Date on deposit in the Collection Account on such Settlement Date shall be disbursed by the Administrative Agent from the Collection Account and applied on such Settlement Date in the following order of priority:

first, to the Collateral Agent, any accrued Collateral Agent Fees, expenses and indemnity amounts due to the Collateral Agent pursuant to the Transaction Documents;

second, to the Account Bank, any accrued Account Bank Fees, expenses and indemnity amounts due to the Account Bank pursuant to the Account Control Agreement or any related agreement; *provided* that, amounts paid pursuant to this clause second shall not, in the aggregate, exceed $20,000 in any calendar year;

third, (A) *pro rata* (i) the Back-Up Servicer (to the extent not paid by the Servicer), any accrued fees due to the Back-Up Servicer as provided in the Back-Up Servicing Agreement, (ii) to the Trustee, any accrued fees due to the Trustee as provided in the Trust Agreement, and (iii) to the Servicer, an amount sufficient to pay the Servicer the Senior Servicing Compensation with respect to the preceding Collection Period less any portion of such Senior Servicing Compensation previously netted against the applicable Collections; provided, to the extent the Available Funds on deposit in the Collection Account on the applicable Settlement Date are insufficient to cover all fees, expenses and/or indemnity amounts payable pursuant to clauses first through third, the Servicer shall remit, in immediately available funds, to the Administrative Agent within one (1) Business Day any of such Servicing Compensation netted against Collections for prompt disbursement by the Administrative Agent in accordance with this Section 3.03(b); and (B) *pro rata* (i) to the Back-Up Servicer (to the extent not paid by the Servicer), any accrued amounts (other than fees paid pursuant to clause (A)) due to the Back-Up Servicer as provided in the Back-Up Servicing Agreement; *provided* that, amounts paid pursuant to this clause (i) (together with amounts paid pursuant to clause (B)(i) of clause third of Section 3.03(a)) shall not, in the aggregate, exceed the Back-Up Servicer Cap in any calendar year, *provided*, *further*, that such Back-Up Servicer Cap shall not apply after the occurrence and during the continuance of a Warm Back-Up Servicing Trigger Event or a Hot Back-Up Servicing Trigger Event under and as defined in the Back-Up Servicing Agreement), (ii) to the Trustee, any accrued amounts (other than fees paid pursuant to clause (A)) due to the Trustee as provided in the Trust Agreement, and (iii) to the Servicer, any accrued amounts (other than Servicing Compensation paid pursuant to clause (A)) due to the Servicer as provided in the Servicing Agreement; *provided* that, amounts paid pursuant to this clause (B) (other than amounts paid pursuant to clause (B)(i) or, after the occurrence and continuance of an Event of Default, amounts paid pursuant to clause (B)(ii)) shall not, in the aggregate, exceed $100,000 in any calendar year;

fourth, (A) *first*, to the Administrative Agent, an amount sufficient to pay the Administrative Agent the Administrative Agent Fees with respect to the preceding Collection Period and (B) *next*, to the Administrative Agent for distribution to the Person entitled thereto, such amounts reasonably determined by the Administrative Agent with the consent of the Required Lenders, in compensation for the performance of all or any portion of the obligations of the SmileDirect Entities under the Contracts or any technical support or related services in connection therewith to the extent not performed by the SmileDirect Entities in accordance with the Transaction Documents;

fifth, to each Lender, *pro rata*, based on the amount due to each Lender under this clause fifth, an amount equal to (i) all interest accrued at the applicable Interest Rate plus the Applicable Margin in respect of the Loan Amount for the related Interest Period (including any adjustments made pursuant to Section 2.02(a)) and (ii) the

Undrawn Fees for the related Collection Period together with any other fees owed pursuant to the Fee Letter;

sixth, to each Lender, *pro rata*, based on the Percentage of the Loan Amount held by such Lender, all remaining amounts, to be applied to the reduction of the Loan Amount to zero on such date;

seventh, *pro rata*, an amount equal to any other amounts due and owing to the Collateral Agent, the Administrative Agent, each Lender, any Affected Party, any Indemnified Party, the Account Bank, the Back-Up Servicer (including in its capacity as Successor Primary Servicer), the Trustee or any Secured Party pursuant to this Agreement or the other Transaction Documents shall, in each case, be distributed to such Persons as the case may be, in proportion to the amount owed to each such Person in accordance with this Agreement and the other Transaction Documents on such date;

eighth, to the Administrator, any accrued fees due to the Administrator as provided in the Administration Agreement; and

ninth, to the Servicer, an amount equal to any other amounts due and owing to the Servicer, including any Servicer Error Payment and Servicing Compensation not otherwise distributed pursuant to clause third above.

(c) Final Payout Date. On the Final Payout Date, provided that all Secured Obligations (other than contingent Obligations not then due) have been paid in full, any funds remaining in the Collection Account, after giving effect to the provisions of Section 3.03(b), shall be released to the Borrower or its designee and control over and ownership of the Collection Account shall revert to the Borrower.

Section 3.04 Payments and Computations, Etc.

(a) All amounts to be paid or deposited by the Borrower, Servicer, Account Bank or Collateral Agent hereunder shall be made by such Person, as applicable, to the account designated by the Administrative Agent or other applicable Person to which such amount is owed and shall be sent in immediately available funds, no later than 3:00 p.m. (New York time) on the date specified herein. Any payment received later than 3:00 p.m. (New York time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(b) Method of Computation. All computations of interest hereunder shall be calculated by the Collateral Agent on the basis of a year of 360 days (or, in the case of interest accruing by reference to the Base Rate, 365 or 366 days, as applicable), for actual days elapsed.

(c) Lender's Reliance. In making the deposits, distributions and calculations required to be made by it hereunder, the Collateral Agent, Administrative Agent and Lenders shall be entitled to rely on information supplied to it by any Credit Party. None of the Collateral Agent, Administrative Agent or Lenders shall in any way be held liable for any incorrect deposits, distributions or calculations made by it hereunder as a result of any errors contained in, or omissions from, information supplied to it by any Credit Party.

Section 3.05 Obligations with respect to Certain Releases of Funds from the Collection Account; Obligation to Prepare Corrected Monthly Reports and Release Requests. In the event that any Monthly Report or Release Request contains material mistakes, the Borrower shall cause the Servicer to provide a corrected Monthly Report or Release Request, as applicable, within three (3) Business Days after a Responsible Officer of the Borrower becoming first aware or being notified of such mistakes. To the extent that any amounts were released to the Borrower from the Collection Account on any Settlement Date or Release Date based on an inaccurate Monthly Report or Release Request, as applicable, the Borrower and the Servicer each hereby agrees (1) that such amounts which the Borrower was not entitled to receive on such Settlement Date or Release Date, as applicable, constitute proceeds of Collateral which were improperly received by the Borrower and (2) that the Servicer shall deposit funds into the Collection Account, within two (2) Business Days after a Responsible Officer of the Servicer first becomes aware or has been provided notice of such mistakes, in an amount (such amount, the "Servicer Error Payment") equal to any funds that were released to the Borrower (or at its direction) in reliance on such inaccurate Monthly Report or Release Request, as applicable (and that would not have been released to the Borrower (or at its direction) on such Settlement Date or Release Date, as applicable, pursuant to an accurate Monthly Report or Release Request, as applicable) such that the aggregate amount of funds retained by the Borrower is equal to the aggregate amount of funds that would have been released to the Borrower (or at its direction) had such Monthly Report or Release Request, as applicable, been accurate. The Servicer shall be reimbursed from Available Funds for any such Servicer Error Payment on the following Settlement Date, pursuant to Section 3.03.

ARTICLE IV

FEES AND YIELD PROTECTION

Section 4.01 Undrawn Fees. On each Settlement Date, the Borrower shall pay to the Lenders or the Administrative Agent, as applicable, in accordance with the priorities set forth in Section 3.03, an amount equal to the Undrawn Fees and any other fees payable pursuant to the Fee Letter with respect to the related Collection Period.

Section 4.02 Increased Costs; Capital Adequacy; Replacement of Lenders.

(a) If any Regulatory Change (i) subjects any Affected Party to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of "Excluded Taxes" and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, (ii) imposes, modifies or deems applicable any reserve, assessment, fee, insurance charge, liquidity, special deposit or similar requirement (other than Taxes) against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to this Agreement (except any such reserve requirement reflected in the Adjusted Eurodollar Rate) or (iii) imposes any other condition (other than Taxes), the result of which pursuant to clauses (i), (ii) and (iii) above is to increase the cost to an Affected Party of performing its obligations under this Agreement, or to reduce the rate of return on an Affected Party's capital as a consequence of its obligations under this Agreement, or to reduce the amount of any sum received or receivable (whether of principal, interest or otherwise)

by an Affected Party under this Agreement, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written demand by the Administrative Agent or any Lender accompanied by the certificate and supporting documentation described in Section 4.02(c), the Borrower shall pay to the Administrative Agent or such Lender, for the benefit of the relevant Affected Party, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction. The term "Regulatory Change" shall mean (i) the adoption after the date hereof (or, if later, the date the relevant Affected Party (or the related Lender) becomes a party hereto) of any Applicable Law (including any Applicable Law regarding capital adequacy or liquidity) or any change therein after the date hereof (or, if later, the date the relevant Affected Party (or the related Lender) becomes a party hereto) or (ii) any change after the date hereof (or, if later, the date the relevant Affected Party (or the related Lender) becomes a party hereto) in the interpretation or administration thereof by any Regulatory Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency; provided that notwithstanding anything herein to the contrary, all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to the Basel III Regulation, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted or issued.

(b) If any Lender determines that any Regulatory Change affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, such Lender's Percentage of the Program Limit or the Advances made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Regulatory Change (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) or results in the imposition of an internal liquidity charge on the Lender or the Lender's holding company, then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction or charge suffered.

(c) A certificate of the applicable Affected Party setting forth in reasonable detail the basis for and computation of amount or amounts necessary to compensate such Affected Party pursuant to Section 4.02(a) or (b) shall be delivered to a Responsible Officer of the Borrower and shall be conclusive absent demonstrable error. The Borrower shall pay or cause to be paid to such Affected Party the amount shown as due on any such certificate free of demonstrable error within 30 days after receipt thereof.

(d) Failure or delay on the part of any to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Party's right to demand such compensation; provided that the Borrower shall not be required to compensate an Affected Party pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Affected Party notifies the Borrower in writing of the Regulatory Change giving rise to such increased costs or reductions and of such Affected Party's demand for

compensation therefor; provided further that, if the Regulatory Change giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) No Affected Party shall request compensation pursuant to this Section 4.02 unless either (i) it is the general practice of such Affected Party to demand such compensation in securitization facilities to which it is a party or (ii) either it or any Affiliate thereof has issued or is issuing similar request(s) for compensation with respect to securitization facilities with aggregate commitments or aggregate outstanding indebtedness thereunder of at least $1,000,000,000 in the aggregate.

(f) If (i) any Lender (or any Participant holding interests in any Advance owing to such Lender or in any Commitment of such Lender or in any other interest of such Lender under the Transaction Documents) requests compensation under this Section 4.02, or (ii) the Borrower is required to pay any additional amount to or on account of any Lender (or any Participant thereof) pursuant to Section 2.06, or (iii) any Lender becomes a Defaulting Lender, or (iv) any Lender shall refuse to consent to any waiver, amendment or other modification that would otherwise require such Lender's consent but to which the Required Lenders have consented, or (v) any Lender (1) shall at any time have a long-term credit rating of lower than BBB from S&P, lower than Baa2 from Moody's or lower than the equivalent rating from any other nationally recognized statistical rating organization, or shall at any time not have a long-term credit rating from S&P or Moody's (in each case under this clause (v)(1) regardless of whether any such circumstances existed at the time such Lender became a Lender), (2) is an Ineligible Institution, (3) enters into, or purports to enter into, an assignment or a participation with an Ineligible Institution in violation of this Agreement or (4) has become the subject of a Bail-In Action (or any case or other proceeding in which a Bail-In Action may occur), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender (and its related Conduit Lender, if any, and other Related Parties) to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Article IX), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided*, that (x) in the case of an assignment to an assignee which is not a Lender, the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, conditioned or delayed, (y) such Lender shall have received payment of an amount equal to (i) the outstanding principal of its Advances and participations in the relevant Advances, accrued interest thereon, accrued fees and all other amounts due and payable to it hereunder and (ii) all other Obligations then outstanding and owed to such Lender (and the related Conduit Lender, if any), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (z) in the case of any such assignment arising under clause (v)(1) above, the assignee (or its parent) shall have a credit rating greater than or equal to BBB from S&P and/or greater than or equal to Baa2 from Moody's; *provided*, that the Borrower shall provide the Administrative Agent in its capacity as Lender a right of first refusal (but not an obligation) to accept the assignment of such Commitment. If such Lender is the Administrative Agent, the Collateral Agent or an Affiliate of either of them, no such assignment shall be effective unless (x) a successor Administrative Agent and Collateral Agent, as applicable, have been appointed and have accepted such appointment pursuant to an instrument of assumption in form and

substance reasonably satisfactory to the existing Administrative Agent and Collateral Agent, as applicable, and (y) the existing Administrative Agent and Collateral Agent, as applicable, have been discharged from all duties and obligations hereunder and under each of the other Transaction Documents and all Obligations then outstanding and owed to such Person have been paid in full. Each party hereto agrees that (1) an assignment by a Lender (and its related Conduit Lender, if any) required pursuant to this paragraph may be effected pursuant to an assignment and assumption executed by the Borrower, the Administrative Agent and the assignee, and (2) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; *provided* that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, *provided* that any such documents shall be without recourse to or warranty by the parties thereto; *provided, further* that in the case of any such assignment resulting from a Lender that has become the subject of a Bail-In Action (or any case or other proceeding in which a Bail-In Action may occur), then, the assignee shall be deemed to have taken assignment of all the interests, rights and obligations of the assigning Lender under this Agreement without giving effect to the applicable Bail-In Action on such interests, rights and obligations.

Section 4.03 Funding Indemnification. The Borrower shall indemnify the Lenders for (i) any Breakage Cost related to a proposed Advance if an Advance is not made on the date requested by the Borrower in any Borrowing Request for any reason other than a breach of this Agreement by the Lender claiming indemnity therefor and (ii) any prepayment of the Advances during the Revolving Period pursuant to Section 2.03.

Section 4.04 Inability to Determine Rates.

(a) If prior to the commencement of any Interest Period:

(i) subject to clause (b) below, the Administrative Agent determines (which determination shall be conclusive absent demonstrable error) that adequate and reasonable means do not exist for ascertaining the Adjusted Eurodollar Rate or the Three-Month LIBOR Rate, as applicable (including because the Three-Month LIBOR Screen Rate is not available or published on a current basis), for such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted Eurodollar Rate or the Three-Month LIBOR Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Advances (or its Advance) specified in the related Borrowing Request for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist (which notice the Administrative Agent shall give as promptly as practicable once such circumstances cease to exist, unless such information is publicly

available), if any Borrowing Request requests an Advance, such Advance shall be made with reference to the Base Rate.

(b) If at any time the Administrative Agent, after consultation with the Borrower, determines (which determination shall be conclusive absent demonstrable error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary, (ii) the Three-Month LIBOR Rate is no longer a widely recognized benchmark rate for newly-originated loans in the United States syndicated loan market, (iii) JPMorgan Chase Bank N.A. is currently executing securitization loan facilities or other asset-backed debt facilities that include language similar to that contained in this clause (b), or is amending such facilities to incorporate or adopt a new benchmark interest rate to replace the Three-Month LIBOR Rate, or (iv) the circumstances set forth in clause (a)(i) have not arisen but either (w) the supervisor for the administrator of the Three-Month LIBOR Screen Rate has made a public statement that the administrator of the Three-Month LIBOR Screen Rate is insolvent (and there is no successor administrator that will continue publication of the Three-Month LIBOR Screen Rate), (x) the administrator of the Three-Month LIBOR Screen Rate has made a public statement identifying a specific date after which the Three-Month LIBOR Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Three-Month LIBOR Screen Rate), (y) the supervisor for the administrator of the Three-Month LIBOR Screen Rate has made a public statement identifying a specific date after which the Three-Month LIBOR Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Three-Month LIBOR Screen Rate or a Regulatory Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Three-Month LIBOR Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the Three-Month LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable such that, to the extent practicable, the interest payable by the Borrower based on the replacement index will be substantially equivalent to the interest that would be payable based on the Three-Month LIBOR Rate in effect prior to the event(s) giving rise to the use of such replacement index; provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 12.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii), clause (iii), clause (iv)(w), clause (iv)(x) or clause (iv)(y) of the first sentence of this Section 4.04(b), only to the extent the Three-Month LIBOR Screen Rate for such Interest Period is not available or published at such time on a current basis), if any Borrowing Request requests an Advance that would otherwise be based on the Adjusted Eurodollar Rate, such Advance shall be based on (x) if the SOFR Replacement Conditions are then satisfied, the SOFR Replacement and (y) otherwise, the Base Rate.

ARTICLE V

CONDITIONS OF EFFECTIVENESS AND ADVANCES

Section 5.01 Closing Date Conditions Precedent. The effectiveness of this Agreement and the obligations of the parties hereto are subject to the condition precedent that the Lenders shall have received or waived receipt of the following on or prior to the Closing Date (unless otherwise noted):

(a) a copy of this Agreement and each of the other Transaction Documents identified on the closing list attached as Exhibit E hereto, in each case duly executed by each party thereto, and each other item identified on such closing list;

(b) evidence that the Collection Account and the Interest Reserve Account have been established;

(c) financing statements on Form UCC-1 or amendments thereto naming (i) each Originator as seller/debtor and the Seller as buyer/secured party, (ii) the Seller as seller/debtor and the Borrower as buyer/secured party, and (iii) the Borrower as debtor and the Collateral Agent as secured party, in each case, in proper form for filing in the office in which the filings are necessary or, in the reasonable opinion of the Collateral Agent or the Administrative Agent, desirable under the UCC or any comparable law of all appropriate jurisdictions to perfect the security interest of the Collateral Agent granted in Section 1.06;

(d) search reports provided in writing by the applicable filing offices, listing all effective financing statements that name any of the Originators, the Seller or the Borrower as debtor and that are filed in the jurisdiction in which any Originator, the Seller or the Borrower, as applicable, is "located" as defined in Section 9-307 of the UCC, together with copies of such financing statements;

(e) to the extent the Borrower has received an invoice therefor at least two (2) Business Days prior to the Closing Date in reasonable detail, evidence that all fees and expenses, including the Upfront Fee and any other fees payable pursuant to the Fee Letter, and all reasonable and documented out-of-pocket expenses, due and required to be paid by the Borrower in accordance with the Transaction Documents shall have been paid in full;

(f) usual and customary legal opinions in form and substance reasonably satisfactory to Administrative Agent and its counsel (including, but not limited to, those regarding corporate matters, enforceability, true sale, non-consolidation, the Investment Company Act, the Volcker Rule, and security interest perfection and priority (which opinion as to priority may be based solely on lien search results));

(g) since December 31, 2018, there shall not have occurred a Material Adverse Change with respect to any Credit Party, as determined by the Administrative Agent in its sole discretion;

(h) there shall not exist (i) a material adverse change in the credit and lending markets, a material outbreak or escalation of hostilities or a material adverse change in national

or international political, financial or economic conditions, in each case which makes it impracticable or financially disadvantageous for the Lenders to provide funding at such time on the terms and in the manner contemplated under this Agreement and the other Transaction Documents, (ii) a general suspension of trading on major stock exchanges, or (iii) a disruption in or moratorium on commercial banking activities or securities settlement services;

(i) the Administrative Agent shall have received confirmation reasonably satisfactory to the Administrative Agent that the U.S. Food and Drug Administration has formally approved the Merchandise underlying the Collateral;

(j) evidence that each of the conditions precedent to the execution, delivery and effectiveness of each of the other Transaction Documents has been or contemporaneously hereunder will be satisfied; and

(k) (i) the Administrative Agent shall have received, (x) at least seven (7) days prior to the Closing Date, all documentation and other information regarding the Credit Parties requested in connection with applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing of the Credit Parties at least ten (10) Business Days prior to the Closing Date, and (y) a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Credit Party, and (ii) to the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, any Lender that has requested, in a written notice to the Borrower at least five (5) Business Days prior to the Closing Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied.

The Administrative Agent shall notify the Borrower and each Lender in writing of the effectiveness of this Agreement, which notice shall be conclusive and binding.

Section 5.02 Conditions Precedent to All Advances. Each Advance, including the initial Advance, shall be subject to the further conditions precedent that on the date of such Advance the following statements shall be true (and shall be true immediately after such Advance), and the acceptance by the Borrower of the proceeds of such Advance shall be deemed to constitute, as of the date of such Advance, a confirmation by the Borrower that the following statements remain true:

(a) the representations and warranties of the Credit Parties contained in the Transaction Documents are true, correct and complete in all material respects on and as of such day as though made on and as of such day and shall be deemed to have been made (and must be correct in all material respects) on such day (unless the same explicitly relates solely to an earlier date);

(b) the Loan Amount shall not exceed the Program Limit immediately upon giving effect to such Advance;

(c) no event has occurred and is continuing, or would result from such Advance upon giving effect to such Advance, that constitutes an Event of Default, an Unmatured

Event of Default, a Servicer Termination Event, an Unmatured Servicer Termination Event, an Amortization Event or an Unmatured Amortization Event;

(d) the Loan Amount shall not exceed the Borrowing Base (after giving effect to any distribution of Available Funds on such date in accordance with Section 3.03) immediately upon giving effect to such Advance, and the Administrative Agent shall have received a Borrowing Base Certificate, substantially in the form of Exhibit F, executed by an Authorized Officer of the Borrower and an Authorized Officer of the Servicer, showing a calculation of each of the Loan Amount and the Borrowing Base both immediately before and upon giving effect to such proposed Advance;

(e) the Administrative Agent shall have received a duly executed and completed Borrowing Request, which shall include a data tape including the fields under the heading "Draw Request Data Tape" listed in Exhibit O hereto;

(f) the Revolving Period shall be in effect;

(g) with respect to the initial Advance, copies of all filed UCC termination statements and amendments necessary to ensure that the Collateral Agent has a first priority perfected security interest in the Collateral;

(h) with respect to the initial Advance, evidence that the Previous Financing Facility has been terminated in accordance with its terms; and

(i) to the extent the Borrower has received an invoice therefor at least one (1) Business Day before the Borrowing Date in reasonable detail, all fees and other amounts (including costs, expenses and indemnified amounts) then due and payable to the Lenders and the Administrative Agent, shall have been paid in full.

Section 5.03 Conditions Precedent to All Releases. Each Release, including the initial Release, shall be subject to the further conditions precedent that on the date of such Release the following statements shall be true (and shall be true immediately after such Release), and the acceptance by the Borrower of the proceeds of such Release shall be deemed to constitute, as of the date of such Release, a confirmation by the Borrower that the following statements remain true:

(a) the representations and warranties of the Credit Parties contained in the Transaction Documents are true, correct and complete in all material respects on and as of such day as though made on and as of such day and shall be deemed to have been made (and must be correct in all material respects) on such day (unless the same explicitly relates solely to an earlier date);

(b) no event has occurred and is continuing, or would result from such Release upon giving effect to such Release, that constitutes an Event of Default, an Unmatured Event of Default, a Servicer Termination Event, an Unmatured Servicer Termination Event, an Amortization Event or an Unmatured Amortization Event;

(c) the Loan Amount shall not exceed the Borrowing Base (after giving effect to such Release);

(d) the Administrative Agent shall have received a Borrowing Base Certificate, substantially in the form of Exhibit F, executed by an Authorized Officer of the Borrower and an Authorized Officer of the Servicer, showing a calculation of each of the Loan Amount and the Borrowing Base both immediately before and upon giving effect to such proposed Release;

(e) the Administrative Agent shall have received a duly executed and completed Release Request;

(f) the Revolving Period shall be in effect;

(g) the amount on deposit in the Interest Reserve Account is at least equal to the Required Interest Reserve Amount;

(h) the amount remaining on deposit in the Collection Account is at least equal to the Required Collection Account Amount after giving effect to such proposed Release; and

(i) to the extent the Borrower has received an invoice therefor at least one (1) Business Day before the Release Date in reasonable detail, all fees and other amounts (including costs, expenses and indemnified amounts) then due and payable to the Lenders and the Administrative Agent, shall have been paid in full.

Section 5.04 Conditions Precedent to Settlement Date Distributions. Each release of Available Funds to the Borrower on a Settlement Date in accordance with Section 3.03(a) shall be subject to the further conditions precedent that on such Settlement Date the following statements shall be true (and shall be true immediately after such release), and the acceptance by the Borrower of such Available Funds shall be deemed to constitute, as of such Settlement Date, a confirmation by the Borrower that the following statements remain true:

(a) the representations and warranties of the Credit Parties contained in the Transaction Documents are true, correct and complete in all material respects on and as of such day as though made on and as of such day and shall be deemed to have been made (and must be correct in all material respects) on such day (unless the same explicitly relates solely to an earlier date);

(b) no event has occurred and is continuing, or would result from such release upon giving effect to such release, that constitutes an Event of Default, an Unmatured Event of Default, a Servicer Termination Event, an Unmatured Servicer Termination Event, an Amortization Event or an Unmatured Amortization Event;

(c) the Revolving Period shall be in effect; and

(d) the amount on deposit in the Interest Reserve Account is at least equal to the Required Interest Reserve Amount.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows to the Administrative Agent, the Collateral Agent and the Lenders as of the Closing Date and as of each Borrowing Date:

(a) Organization, Corporate Powers. The Borrower is an entity duly formed, validly existing solely under the laws of the State of its formation, is in good standing under the laws of the State of its formation and is qualified in each state where a property is located if the laws of such state require qualification in order to conduct business of the type conducted by the Borrower, except to the extent that the failure to obtain or maintain any such qualification would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Authority, etc. The Borrower has full trust power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, and to perform in accordance herewith; the execution, delivery and performance of this Agreement and the other Transaction Documents by the Borrower, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by the Borrower; each of this Agreement and the other Transaction Documents evidences the valid, binding and enforceable obligation of the Borrower, as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer and other laws limiting the enforceability of creditors' rights and by general principles of equity.

(c) Ability to Perform. The Borrower does not believe, nor does the Borrower have any reason or cause to believe, that it cannot perform its covenants and obligations contained in this Agreement and the other Transaction Documents to which it is a party.

(d) No Consent or Approval Required. No consent, approval, license, registration, authorization or order of any Regulatory Authority is required for the execution, delivery and performance by the Borrower of, or compliance by the Borrower with, this Agreement or the other Transaction Documents to which it is a party, or if required, such consent, approval, license, registration, authorization or order has (or will have) been obtained on or prior to the Closing Date, except for the filing of any UCC financing statements contemplated by the Transaction Documents.

(e) No Proceedings. There are no judgments, proceedings or investigations pending against the Borrower or, to the knowledge of a Responsible Officer of the Borrower, threatened in writing against the Borrower, before any Regulatory Authority: (i) asserting the invalidity of this Agreement or the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the other Transaction Documents; or (iii) seeking any determination or ruling that could reasonably be expected to have a Material Adverse Effect.

(f) No Conflicts. Neither the execution and delivery of this Agreement and the other Transaction Documents, nor the fulfillment of or compliance with the terms and conditions of this Agreement and the other Transaction Documents, will conflict with or result in a breach of any of the terms, conditions or provisions of the Borrower's formation documents, or any legal restriction or any material agreement or instrument to which the Borrower is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing.

(g) Solvency. The Borrower is Solvent.

(h) Tax Returns; Tax Status. The Borrower has filed all material tax returns (federal, state and local) required to be filed by it, such tax returns are true and accurate in all material respects, and the Borrower has timely paid or made adequate provision for the payment of all material taxes and other material governmental assessments and material governmental charges, except for any such taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves have been established in accordance with GAAP. The Borrower (i) is, and shall at all relevant times continue to be, a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 (or any successor thereto) for U.S. federal income tax purposes that is wholly owned by a U.S. Person and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as an association for U.S. federal income tax purposes.

(i) No Modification. The Borrower has not amended, or permitted the amendment of, the terms of the Transaction Documents, except as permitted by and in accordance with the Transaction Documents.

(j) Transfer of All Property. Pursuant to (i) each Management Services Agreement, each Originator has (or will have) transferred to the Seller all of such Originator's right, title and interest in the Receivables and Related Assets purported to be transferred to the Seller under such Management Services Agreement; (ii) the Purchase Agreement, the Seller has (or will have) transferred to the Borrower all of the Seller's right, title and interest in the Receivables and Related Assets purported to be transferred to the Borrower under the Purchase Agreement; and (iii) this Agreement, the Borrower has (or will have) pledged to the Collateral Agent, on behalf of the Secured Parties, all of the Borrower's right, title and interest in the Collateral purported to be pledged to the Collateral Agent, on behalf of the Secured Parties, under this Agreement.

(k) No Liens. The Borrower has not created, or suffered to exist, any Lien on the Collateral, other than any Lien terminated concurrent with or prior to the transfer pursuant to the Purchase Agreement or any Permitted Lien.

(l) Employee Benefit Plans. Except to the extent the following would not reasonably be expected to have a Material Adverse Effect, (i) each Plan is in compliance with all applicable requirements of ERISA, the Code and other Applicable Law, (ii) no ERISA Event has occurred or is reasonably expected to occur, (iii) the Borrower and each ERISA Affiliate has complied with the Funding Rules with respect to each Pension Plan, and no waiver of the minimum funding requirements under the Funding Rules has been applied for or obtained, (iv) as

of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430 of the Code) is 60% or higher and no facts or circumstances exist that could reasonably be expected to cause the funding target attainment percentage to drop below such threshold as of the most recent valuation date and (v) the Borrower is not, and will not become at any time while any Obligation is outstanding, a Benefit Plan Investor.

(m) Accuracy of Information. Neither this Agreement nor any other Transaction Document to which the Borrower is a party, nor any certificate or written report (including any Monthly Report, as the same may be corrected pursuant to Section 3.05, any Release Request as the same may be corrected pursuant to Section 3.05, and the Beneficial Ownership Certification) furnished to any Lender, the Collateral Agent or the Administrative Agent by or on behalf of the Borrower or any other Credit Party in connection herewith contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained herein and therein not misleading in any material respect on the date when made or delivered, as applicable, and in light of the circumstances under which such statements were made or delivered.

(n) Compliance with Statutes, etc. The Borrower is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Regulatory Authorities in respect of the conduct of its business and the ownership of its property, except such non-compliance that would not reasonably be expected to have a Material Adverse Effect.

(o) Credit and Collection Policies. No changes have been made to the Credit and Collection Policies since the Closing Date, other than Permitted Policy Modifications and those which have been consented to by the Administrative Agent in writing (such consent not to be unreasonably withheld, conditioned or delayed).

(p) Not an Investment Company. The Borrower is not required to register as an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"). In reaching the conclusion that the Borrower is not required to register as an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act, the Borrower is relying on the exemption from the definition of "investment company" contained in Section 3(c)(5) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Borrower. The Borrower is not a "covered fund" as defined under the Volcker Rule.

(q) Margin Regulations. The use of the Advances will not conflict with or contravene any of Regulations T, U or X promulgated by the Federal Reserve Board from time to time.

(r) Borrower Information. The chief place of business and chief executive office of the Borrower are located at the address of the Borrower referred to in Schedule 12.02, and the offices where the Borrower generally maintains all its books, records and documents relating to the Receivables are located at the addresses specified in Schedule 6.01(r) (or at temporary locations or at such other locations, notified to each Lender in accordance with

Section 7.01(f), in jurisdictions where all action necessary to maintain the Collateral Agent's first priority (subject to Permitted Liens) perfected security interest, for the benefit of the Secured Parties, in the Collateral has been taken and completed). The exact legal name of the Borrower is set forth on the signature page hereof. Except as provided on Schedule 6.01(r), the Borrower has not changed its name, changed its corporate structure, changed its jurisdiction of organization, changed its chief place of business/chief executive office or used any name other than its exact legal name at any time during the past five years. The Location of the Borrower is Delaware.

(s) Prior Business Activity. The Borrower has no business activity except as contemplated in this Agreement and the other Transaction Documents and upon the date hereof is not party to any other debt, financing or other material transaction or agreement other than the Transaction Documents and its constitutive documents.

(t) Indebtedness. The Borrower has not incurred, created or assumed any Indebtedness except for that arising under or expressly permitted by this Agreement or the other Transaction Documents.

(u) Ordinary Course of Business. Each payment of interest and principal on the Advances will have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs on the part of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

(v) Qualifications. The Borrower possesses all necessary qualifications and licenses to acquire and hold the Receivables and all of its other assets except to the extent that the failure to have such qualifications and licenses would not reasonably be expected to have a Material Adverse Effect.

(w) Material Adverse Change. No Material Adverse Change has occurred since December 31, 2018.

(x) Policies and Procedures. Borrower has implemented and maintains and will continue to maintain in effect and enforce policies and procedures designed to promote and achieve compliance in all material respects by Borrower, its Subsidiaries (if any) and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries (if any) and their respective officers and employees and, to the knowledge of Borrower, its directors and agents, are in compliance in all material respects with Anti-Corruption Laws and applicable Sanctions.

(y) No Sanctioned Persons. None of (a) any Credit Party, any Subsidiary (if any) or any of their respective directors, officers or employees, or (b) to the knowledge of any such Credit Party or Subsidiary, any agent of such Credit Party or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

(z) Use of Proceeds. No Advance, use of proceeds by the Borrower or any Affiliate thereof, or other transaction contemplated by this Agreement or the other Transaction Documents will violate Anti-Corruption Laws or applicable Sanctions.

Section 6.02 Additional Representations and Warranties. The Borrower represents and warrants as follows to the Administrative Agent, the Collateral Agent and the Lenders as of the Closing Date and as of each Borrowing Date, each Settlement Date and each Release Date:

(a) Perfected Security Interest. (i) Each Receivable is owned by the Borrower free and clear of any Lien other than a Permitted Lien. All other Collateral is owned by the Borrower free and clear of any Lien other than a Permitted Lien. Except for the filing of the financing statements as described in Section 1.06(c), no further action, including any filing or recording of any document, is necessary in order to establish and perfect the first priority security interest of the Collateral Agent, for the benefit of the Secured Parties, in the Collateral as against any third party in any applicable jurisdiction, including, without limitation, any purchaser from, or creditor of, the Borrower. No valid financing statement or other valid instrument similar in effect covering any of the Collateral or any interest therein is on file in any recording office except such as may be filed (i) in connection with any Lien arising solely as the result of any action taken by the Collateral Agent, (ii) in favor of the Collateral Agent, (iii) for which UCC termination statements or partial release statements reasonably satisfactory to the Collateral Agent and the Administrative Agent have been filed (copies of which, along with any other documents necessary to evidence the release all security interests (other than that of the Collateral Agent) in such Receivable, to the extent required for all such prior security interests to be terminated, have been delivered to the Collateral Agent and the Administrative Agent) or (iv) in connection with the release of any Collateral pursuant to the terms of this Agreement. Other than the filing of financing statements described in clauses (i) through (iii) of the immediately preceding sentence and any necessary amendments and continuations thereof, no consent of any other Person (other than consents that have been obtained prior to the date hereof) and no authorization, approval, or other action by, and no notice to or filing with, any Regulatory Authority is required to be made or obtained by any SmileDirect Entity (x) for the pledge by the Borrower of the Collateral pursuant to this Agreement or (y) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest).

(b) Eligible Receivable. Each Receivable that is identified as an Eligible Receivable in any Monthly Report, Release Request or Borrowing Base Certificate was an Eligible Receivable as of the date thereof.

(c) Acquisition of Receivables. With respect to each Receivable, such Receivable was acquired (i) by the Borrower from the Seller pursuant to the Purchase Agreement and (ii) by the Seller from an Originator pursuant to a Management Services Agreement, in each case, for (a) fair market value, fair consideration and reasonably equivalent value and/or (b) as a capital contribution. The Borrower has not purchased any Receivables other than pursuant to the Purchase Agreement.

(d) Schedule of Receivables. The information appearing in any Schedule of Receivables delivered to the Collateral Agent or Administrative Agent by any Credit Party was true and correct in all material respects as of its date.

(e) No Adverse Selection. As of the date of the transfer by the Seller to the Borrower, no selection procedures known by the Seller or any other Credit Party to be adverse to

the Borrower have been used by the Seller or any other Credit Party in selecting the Receivables from all other similar receivables owned by the Seller or any other Credit Party.

(f) Servicing. Each Receivable is being serviced in accordance with the provisions of the Servicing Agreement.

Section 6.03 Reassignment upon Breach. The Borrower, the Servicer, the Collateral Agent, the Administrative Agent or any Lender, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery by a Responsible Officer thereof of any breach of the representations and warranties made or deemed made by the Borrower pursuant to Section 6.01(m) with respect to any Receivable or Section 6.02; *provided* that any failure to so notify shall not relieve the Borrower from any obligations under this Section 6.03. Unless any such breach is able to be cured and has been cured within ten (10) Business Days following the discovery thereof by a Responsible Officer of the Borrower or receipt by the Borrower of written notice from the Servicer, the Collateral Agent, the Administrative Agent or any Lender of such breach, any Receivable as to which such representation or warranty relates shall cease to be an Eligible Receivable, shall be released by the Collateral Agent from the Collateral and reassigned by the Borrower to the Seller at the direction of the Borrower (in either case, upon and subject to payment by the Borrower of the Reassignment Amount described below) or purchased by the Seller (a "Reassignment") on the Business Day which is immediately after the end of such ten (10) Business Day period; *provided*, *however*, that such Receivable shall be immediately excluded from the calculation of the Borrowing Base until such breach has been cured. In consideration of and simultaneously with the Reassignment of any Receivable on any date, the Borrower shall remit, or cause to be remitted, to the Administrative Agent (for deposit into the Collection Account) in immediately available funds on such date in an amount equal to the Principal Balance of such Receivable as of the end of the most recent Collection Period (the "Reassignment Amount"), and the Borrower or the Seller, as the case may be, shall thereafter be entitled to receive all Collections on the Receivable subject to such Reassignment received by (or on behalf of) the Servicer after the end of the most recent Collection Period; *provided, further, however*, so long as the Revolving Period shall be in effect; no Borrowing Base Deficiency shall then exist; and the date of such Reassignment is a Settlement Date or Release Date and funds in an amount no less than the Reassignment Amount shall be available to be distributed to the Borrower on such Settlement Date or Release Date, as applicable, under clause eleventh of Section 3.03(a) before giving effect to the payment of any Reassignment Amount, the Borrower shall not be required to remit the Reassignment Amount on such Settlement Date or Release Date, as applicable. Any Reassignment shall be free and clear of all security interests created under this Agreement and the other Transaction Documents, which shall automatically be deemed released and terminated simultaneously upon (x) the Administrative Agent's receipt in immediately available funds of the applicable Reassignment Amount, if such payment is required pursuant to the above and (y) the effectiveness of such Reassignment, if payment of the Reassignment Amount is not required pursuant to the above. The foregoing provisions of this Section 6.03 and the provisions of Section 10.01 shall constitute the sole and exclusive remedies for any breach of any representation or warranty made or deemed made by the Borrower with respect to a Receivable pursuant to Section 6.01(m) or Section 6.02.

ARTICLE VII

COVENANTS

Section 7.01 Affirmative Covenants of the Borrower. From the date hereof until the Final Payout Date, the Borrower will comply with the following covenants, unless the Required Lenders (or all Lenders in the case of a Fundamental Amendment) shall otherwise consent in writing:

(a) Compliance with Laws, Etc. The Borrower shall comply with all applicable federal, state and local laws, rules, regulations, licensing standards and orders, including those with respect to the Receivables, except to the extent the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(b) Preservation of Existence. The Borrower shall preserve and maintain its existence as a Delaware statutory trust. The Borrower shall preserve and maintain its rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign organization in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would not reasonably be expected to have a Material Adverse Effect.

(c) Inspections. Upon reasonable prior written notice to a Responsible Officer of the Borrower during regular business hours, permit the Collateral Agent, the Back-Up Servicer and/or the Administrative Agent or any of their agents or representatives (i) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Borrower, the Seller, any Originator or the Servicer relating to the Collateral or the Borrower's acquisition of Receivables, and (ii) to visit the offices and properties of the Borrower, the Seller, any Originator or the Servicer, as applicable, for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to Receivables or the Borrower's, the Seller's, the Originators' or the Servicer's performance under the Transaction Documents with any of the officers, directors or independent public accountants of any Credit Party having knowledge of such matters, in each case with a Responsible Officer of Seller and such Credit Party having a reasonable opportunity to be present during such discussions. Unless an Event of Default, Servicer Termination Event or an Amortization Event has occurred and is continuing, (i) such inspections shall be limited to two (2) in total for both the Collateral Agent and Administrative Agent per any calendar year and (ii) the Collateral Agent and/or Administrative Agent shall provide at least fifteen (15) Business Days' prior written notice of its request for such an inspection. All reasonable costs and expenses related to any visit and examination pursuant to this Section 7.01(c) shall be borne by the Borrower. Notwithstanding anything to the contrary in this Section 7.01(c), or in any other provision of this Agreement or any other Transaction Document, none of the Borrower, the Seller, any Originator, the Servicer or any Affiliate of any of the foregoing will (x) be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter to the extent (i) such disclosure to the Administrative Agent, the Collateral Agent, the Back-Up Servicer or any Lender (or their respective representatives or contractors) is prohibited by any Applicable

Law (including, without limitation, the Health Insurance Portability and Accountability Act of 1996, as amended (HIPAA)), (ii) is subject to attorney-client privilege or protection as attorney work product with respect to any ongoing matter, litigation or investigation where the Borrower has reasonably determined that it would be harmed if such privilege or protection were lost or (iii) such disclosure would breach a binding confidentiality obligation reasonably entered into in good faith and owed to a Person other than the Parent or any of its Affiliates or (y) disclose any books, records or documents to the Administrative Agent, the Collateral Agent, the Back-Up Servicer or any Lender for which the disclosure thereof is prohibited by HIPAA. If any document, information or other matter is withheld from the Administrative Agent, the Collateral Agent, the Back-Up Servicer or any Lender pursuant to the preceding sentence, then, to the extent possible without violating any Applicable Law or waiving attorney-client privilege or protection as attorney work product, the Borrower shall provide a list of what items have been withheld and the basis therefor, in each case, unless (i) such document or information is (A) an engagement letter or related agreement (or any draft of any of the foregoing) entered into or to be entered into by any SmileDirect Entity in connection with the acquisition by a third-party of any Equity Interests in any SmileDirect Entity or any related board resolutions, board minutes or board materials, but only to the extent specifically related thereto or (B) any commitment letter, fee letter, credit agreement, receivables purchase agreement, repurchase agreement or other financing agreement (or any draft of any of the foregoing) entered into or to be entered into by any SmileDirect Entity in anticipation of replacing this Agreement and the other Transaction Documents or any related board resolutions, board minutes or board materials, but only to the extent specifically related thereto or (ii) access to the applicable document, information or other matter would constitute a conflict of interest, upon the advice of counsel, between the Administrative Agent, the Collateral Agent, the Back-Up Servicer and/or any Lender, on the one hand, and the Borrower and/or any of its Affiliates, on the other hand, with respect to matters concerning the financing transaction contemplated by this Agreement.

(d) Keeping of Records and Books of Account. The Borrower shall, and shall cause the Servicer to, note on its books and records pertaining to the Receivables that the Receivables have been acquired by the Borrower and pledged to the Collateral Agent, on behalf of the Secured Parties, maintain and implement (or cause to be maintained and implemented) administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Receivables in the event of the destruction of any originals thereof), and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information reasonably necessary for the collection of the Receivables (including records adequate to permit the daily identification of each new Receivable included in the Collateral from time to time and all Collections of, payments on and adjustments to each existing Receivable).

(e) Performance and Compliance with Contracts. At its expense, the Borrower shall timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts, the Receivables, the Servicing Agreement, and other Transaction Documents to which the Borrower is a party, the failure to perform or comply with which would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(f) Location. The Borrower shall keep its chief place of business and chief executive office, and the offices where it generally keeps its records concerning the Receivables and all agreements related to such Collateral (and all original documents relating thereto, unless such documents have been delivered to the Servicer, the Collateral Agent, the Administrative Agent or the Collateral Agent or Administrative Agent's designee), at the address(es) of such Person referred to in Schedule 6.01(r) or, upon ten (10) days' prior written notice to the Collateral Agent and the Administrative Agent, at such other locations selected by it with respect to which all actions required to maintain the Collateral Agent's first priority (subject to Permitted Liens) perfected security interest, for the benefit of the Secured Parties, in the Collateral have been taken and completed. The Borrower shall keep its Location at the Location identified in Schedule 6.01(r) or, upon thirty (30) days' prior written notice to the Collateral Agent and the Administrative Agent, at such other Location where all actions required to maintain the Collateral Agent's first priority (subject to Permitted Liens) perfected security interest, for the benefit of the Secured Parties, in the Collateral shall have been taken and completed.

(g) Servicing Agreement, Purchase Agreement and Other Transaction Documents; Enforcement. The Borrower shall maintain in effect the Servicing Agreement (for so long as Receivables are serviced thereunder), the Purchase Agreement and the other Transaction Documents and diligently and promptly enforce its rights and the obligations of the other parties thereunder to the extent that it (i) is in its best interest to do so, as determined by the Borrower in its reasonable discretion and (ii) not adverse to the interests of the Secured Parties.

(h) Servicer Termination Events; Replacement Servicer. If a Servicer Termination Event shall have occurred and is continuing or the Servicing Agreement shall not be in full force and effect for any reason, the Collateral Agent (acting at the direction of the Required Lenders) shall have the right to remove the Servicer, or cause and direct the Borrower to remove the Receivables from servicing by the Servicer, pursuant to the terms of the Servicing Agreement. To the extent requested in writing by the Collateral Agent or Administrative Agent during the continuation of a Servicer Termination Event, the Borrower shall, and the Borrower shall direct the Servicer to, take any actions reasonably requested by the Collateral Agent or the Administrative Agent in order to facilitate the transition of servicing rights and all required records and information to the Back-Up Servicer, pursuant to the Back-Up Servicing Agreement.

(i) Insurance. The Borrower shall direct the Servicer to maintain in effect insurance in such liability and amounts and with such deductibles as are customary in the industry, as reasonably determined by the Borrower, and provide prompt notice to the Collateral Agent and the Administrative Agent of any changes in such insurance if such changes would be material and adverse to the Lenders.

(j) Further Assurances. The Borrower shall from time to time upon the request of the Administrative Agent or the Collateral Agent, at the Borrower's sole expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things consistent with the terms of the Transaction Documents as the Administrative Agent or the Collateral Agent may reasonably request in order to effect fully the purposes of the Transaction Documents.

(k) Separate Business. Except as contemplated or provided herein or in the other Transaction Documents, the Borrower shall at all times:

(i) (y) maintain and prepare financial reports, books and records and bank accounts separate from those of the other Credit Parties, its other Affiliates and any other Person or entity, except that consolidated financial statements and tax returns are permitted, and (z) not permit any Affiliate or any other Person independent access to the Borrower's bank accounts;

(ii) not commingle the Borrower's funds and other assets with those of any other Credit Party, any other Affiliate or any other Person or entity (other than any such commingling expressly permitted by this Agreement and/or the other Transaction Documents);

(iii) file its own tax returns, if any, as may be required under Applicable Law, to the extent not part of a consolidated group filing a consolidated return or returns and not treated as a division or a disregarded entity for tax purposes of another taxpayer, and pay any U.S. federal and material state and local taxes required to be paid by it under Applicable Law, other than taxes being contested in good faith by appropriate action with respect to which adequate reserves have been established in accordance with GAAP;

(iv) conduct the Borrower's business in its own name and hold all of the Borrower's assets in its own name and in such a manner that it will not be costly or difficult to segregate, ascertain or identify the Borrower's individual assets from those of the other Credit Parties, any other Affiliate or any other Person;

(v) remain Solvent and pay its debts and liabilities (including employment and overhead expenses) from its assets as the same become due, after giving effect to grace and cure periods; provided, however, that, notwithstanding any provision of this Agreement or any other Transaction Document to the contrary, (i) no Affiliate of the Borrower shall (A) be required to make any additional capital contributions to the Borrower or (B) have any liability with respect to any Receivable solely as a result of any changes in general economic conditions or movements in interest rates and (ii) the Borrower shall comply with the terms of clause (xxii) below;

(vi) do all things necessary to observe procedural trust formalities (including the separateness provisions contained in the Borrower's organizational documents), and preserve the Borrower's existence as a single-purpose, bankruptcy-remote entity;

(vii) enter into transactions with Affiliates only if each such transaction is commercially reasonable and on substantially similar terms as a transaction that would be entered into on an arm's-length basis with a Person other than an Affiliate of the Borrower;

(viii) compensate each of its consultants and agents from its own funds for services provided to it and pay from its own assets all of its obligations of any kind incurred;

(ix) not (y) acquire or hold securities of any Affiliate or (z) buy any evidence of Indebtedness issued by any other Person or entity, other than Receivables;

(x) allocate fairly and reasonably and pay from its own funds the cost of (y) any overhead expenses (including paying for any office space) shared with any Affiliate of the Borrower and (z) any services (such as asset management, legal and accounting) that are provided jointly to the Borrower and one or more of its Affiliates;

(xi) maintain and utilize separate invoices and checks bearing its own name;

(xii) except as arising under or expressly permitted by this Agreement or any other Transaction Documents, not incur, create or assume any Indebtedness and not make any loans or advances to, or pledge its assets for the benefit of, any other Person or entity, including, without limitation, any other Credit Party or any other Affiliate;

(xiii) be, and at all times hold itself out to the public as, a legal entity separate and distinct from any other Person;

(xiv) to the extent known by the Borrower or the Seller, correct any misunderstanding regarding the separate identity of the Borrower;

(xv) not identify the Borrower as a division of any of its Affiliates or any other entity;

(xvi) not engage, directly or indirectly, in any business other than the actions required or permitted to be performed under Section 2.03 of the Trust Agreement;

(xvii) not amend, modify or otherwise change its organizational documents, or suffer the same to be amended, modified or otherwise changed in any manner without the prior written consent of the Required Lenders (such consent not to be unreasonably withheld, conditioned or delayed);

(xviii) not guarantee any obligation of any Person, including any Affiliate or become obligated for the debts of any other Person or hold out its credit as being available to pay the obligations of any other Person;

(xix) to the fullest extent permitted by law, not engage in any dissolution, division, liquidation, consolidation, merger, sale or other transfer of any of its assets outside the ordinary course of the Borrower's business;

(xx) not form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other) or own any Equity Interest in any other entity, other than Permitted Investments;

(xxi) not own any material asset or material property other than the Collateral and incidental personal property necessary for the ownership or operation of the Borrower and/or the Collateral; and

(xxii) conduct its business and activities in all material respects in compliance with the assumptions contained in and material to the legal opinions of Foley & Lardner LLP dated on or about the Closing Date relating to true sale and substantive consolidation issues (the "Bankruptcy Opinions").

The Borrower hereby acknowledges that each Lender is entering into the transactions contemplated by this Agreement in reliance upon the Borrower's identity as a legal entity that is separate from the other Credit Parties.

(l) Deposit of Collections. The Borrower shall, and shall instruct the Servicer to, deposit (or shall cause to be deposited) all Collections in accordance with the Servicing Agreement.

(m) Protection and Perfection of Collateral. The Borrower will promptly execute and deliver at the Borrower's expense, all further instruments and documents, and take all further action necessary, or that the Collateral Agent or the Administrative Agent may reasonably request consistent with the terms of this Agreement and the other Transaction Documents, in order to maintain the Collateral Agent's first priority (subject to Permitted Liens) perfected security interest in the Collateral for the benefit of the Secured Parties, and to enable the Collateral Agent, on behalf of the Secured Parties, to exercise or enforce any of its rights and remedies hereunder or under any other Transaction Document pursuant to the terms hereof and thereof. Without limiting the generality of the foregoing, the Borrower will and will instruct the Servicer to: (i) authorize and file such financing statements, or amendments (including continuation statements) thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate (or as the Collateral Agent or the Administrative Agent may reasonably request); and (ii) mark its master data processing records relating to such Collateral with a numeric code or other appropriate designation evidencing that the Collateral Agent, for the benefit of the Secured Parties, has acquired an interest therein as provided in this Agreement. If the Borrower or the Seller fail to perform any of their respective agreements or obligations under this Section 7.01, the Collateral Agent and/or the Administrative Agent may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the reasonable and documented out-of-pocket expenses of the Collateral Agent and/or the Administrative Agent incurred in connection therewith shall be payable by the Borrower promptly after the Collateral Agent and/or Administrative Agent's demand therefor. For purposes of enabling the Collateral Agent, on behalf of the Secured Parties, to exercise its rights described in the preceding sentence and elsewhere in this Agreement, the Borrower and the Seller hereby authorize, and irrevocably grant a power of attorney, coupled with an interest, exercisable only after the occurrence of an Event of Default (unless such Event of Default has been waived in accordance with the terms of this Agreement), to the Collateral Agent and its successors and permitted assigns to take any and all steps in the Borrower's or the Seller's name and on behalf of the Borrower or the Seller necessary or desirable (and in accordance with Applicable Law), in the determination of the Collateral Agent (at the direction of the Administrative Agent), to collect all amounts due under any and all Receivables and other Collateral, including, without limitation, (i) endorsing the Receivables to the Collateral Agent or its designee, such that the Administrative Agent or such designee becomes the holder of the Receivables and has the rights and powers of a holder under Applicable Law, (ii) endorsing the

Borrower's name on checks and other instruments representing Collections and (iii) enforcing such Receivables and other Collateral.

(n) Notice of Material Events. The Borrower shall inform the Collateral Agent and the Administrative Agent (who shall inform the Back-Up Servicer) promptly (but in any event within three (3) Business Days (or, in the case of clause (i)(G) below, ten (10) Business Days) after a Responsible Officer of the Borrower has knowledge of the occurrence of such event) in writing of the occurrence of any of the following:

(i) the occurrence of (A) an Amortization Event, (B) an Unmatured Amortization Event, (C) an Event of Default, (D) an Unmatured Event of Default, (E) a Servicer Termination Event, (F) an Unmatured Servicer Termination Event or (G) a Competitor Regulatory Event that could reasonably be expected to materially and adversely affect the brokering, underwriting, origination, collection or servicing of the Receivables and/or the related RISCs (unless notice of the occurrence of such Competitor Regulatory Event is publicly available), it being understood that the Borrower shall be deemed to have satisfied its obligations under this clause (G) if it has used commercially reasonable efforts to provide such notice;

(ii) any event or circumstance, including the submission of any claim or the initiation or threat in writing of any legal process, litigation or administrative or judicial investigation, or rule making or disciplinary proceeding, in each case affecting a SmileDirect Entity, that would reasonably be expected to have a Material Adverse Effect;

(iii) the commencement of any proceedings by or against any Credit Party under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been appointed or requested for any Credit Party or any of their respective assets;

(iv) (A) any Credit Party that is not under regulatory supervision on the Closing Date being placed under regulatory supervision, (B) any license, permit, charter, registration or approval material to the conduct of any Credit Party's business being suspended, revoked or not obtained, or (C) any Credit Party being ordered by a Regulatory Authority to cease and desist any practice, procedure or policy employed by such Credit Party in the conduct of its business, and such cessation would reasonably be expected to have a Material Adverse Effect; and

(v) the receipt by the Borrower or any of its Affiliates of any subpoena or request for information (a subpoena or similar request for information being referred to herein as a "Request") from any federal, state or local government entity, agency, self-regulatory body or officer thereof, except for (x) routine Requests for information received in the ordinary course of the Borrower's or any of its Affiliates business, (y) Requests with respect to a single RISC so long as class action status has not been obtained and is not being sought in connection therewith or (z) any Request from any state board of dentistry that could not reasonably be expected to have a Material Adverse Effect; *provided* that, the exceptions set forth in clauses (x), (y) and (z) shall not apply to

any Requests (i) received from the Consumer Financial Protection Bureau or any financial self-regulatory body (including any securities or commodities exchange or the Financial Industry Regulatory Authority, Inc.) or (ii) received from any Regulatory Authority relating to the marketing activity or alleged unfair practices of the Borrower or any of its Affiliates, unless such Request relates solely to five or fewer RISCs for which class action status has not been obtained and is not being sought in connection therewith.

(vi) the occurrence of any ERISA Event.

(o) Actions with respect to Bankruptcy Petitions. The Borrower hereby agrees that it will timely object to all proceedings of the type described in clause (a) of the definition of "Event of Bankruptcy" instituted against it.

(p) Adequate Capital. The Borrower shall at all times maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; provided, however, that, notwithstanding any provision of this Agreement or any other Transaction Document to the contrary, (i) no Affiliate of the Borrower shall (A) be required to make any additional capital contributions to the Borrower or (B) have any liability with respect to any Receivable solely as a result of any changes in general economic conditions or movements in interest rates and (ii) the Borrower shall comply with the terms of Section 7.01(k)(xxii).

(q) Written Policies and Procedures. The Servicer (so long as the Servicer is an Affiliate of the Borrower) shall at all times have in place and be in compliance in all material respects with the written policies and procedures set forth in the Credit and Collection Policies.

(r) Beneficial Ownership Certification. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

(s) Tax Returns; Tax Status. The Borrower shall file all material tax returns (federal, state and local) required to be filed by it, such tax returns shall be true and accurate in all material respects, and the Borrower shall timely pay or make adequate provision for the payment of all material taxes and other material governmental assessments and material governmental charges, except for any such taxes, assessments or charges that are being contested in good faith by appropriate action and with respect to which adequate reserves have been established in accordance with GAAP. The Borrower will remain and take such actions as needed to ensure that it will (i) remain a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 (or any successor thereto) for U.S. federal income tax purposes that is wholly owned by a U.S. Person and (ii) not become an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

(t) Account Control Agreement. Each of the Collection Account and the Interest Reserve Account shall be subject to the full dominion of the Collateral Agent and to the extent that the Collection Account or the Interest Reserve Account is not maintained with the

Collateral Agent, such account shall be subject to the Account Control Agreement, and the Borrower shall not create or suffer to exist any Lien (other than Permitted Liens) with respect to the funds on deposit therein.

(u) Invalid Liens, Etc. The Borrower shall use commercially reasonable efforts to amend or terminate any invalid Lien upon or with respect to any Receivable or other Collateral, or any interest therein, such that after giving effect to such amendment or termination, such invalid Lien no longer covers any Receivable or other Collateral.

Section 7.02 Reporting Requirements. From the date hereof until the Final Payout Date, the Borrower (or the Seller or the Servicer on behalf of the Borrower) shall furnish to the Administrative Agent and Collateral Agent (who shall furnish to the Back-Up Servicer):

(a) Monthly Report. At least two Business Days prior to each Settlement Date, a Borrowing Base Certificate, an updated Schedule of Receivables and a Monthly Report with respect to the preceding Collection Period in electronic form, which shall include a monthly data tape reflecting the fields set forth under the heading "Monthly Customer Payment History Tape" in Exhibit O.

(b) Monthly Compliance Certificate; Monthly Financial Statement. No later than fifteen (15) Business Days after the end of each month after the Closing Date, an officer's certificate of the Borrower and SmileDirect certifying to the Authorized Officer's knowledge that no Amortization Event and no Event of Default under Sections 8.02(s), (t) or (u) has occurred, which certificate shall include (i) supporting financial calculations with respect thereto and (ii) copies of the internally prepared unaudited consolidated financial statements of Parent prepared in accordance with GAAP (other than the absence of footnotes and subject to year-end adjustments) accompanied by a certificate of the chief financial officer of Parent certifying that such copies are true and complete copies of the financial statements and that such information fairly presents, in all material respects, the consolidated financial condition of Parent as of the date thereof, which certificate shall be substantially in the form attached hereto as Exhibit L.

(c) Quarterly Financial Statements. As soon as available and in any event within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of Parent, copies of the consolidated financial statements of Parent prepared in accordance with GAAP accompanied by a certificate of the chief financial officer of Parent certifying that such copies are true and complete copies of the financial statements and that such information fairly presents, in all material respects, the consolidated financial condition of Parent as of the date thereof.

(d) Annual Financial Statements; Compliance Certificate. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Parent, copies of the audited consolidated financial statements of Parent prepared in accordance with GAAP, accompanied by an auditor's report, without (x) a "going concern" or like qualification or exception (other than related solely to (i) the occurrence of any upcoming maturity date hereunder occurring within one year from the date such report is delivered and/or (ii) any potential inability to satisfy any financial maintenance covenant on a future date or in a future period) or (y) a qualification as to the scope of the audit (excluding references regarding

audits performed by other auditors as contemplated by AU Section 543, *Part of Audit Performed by Other Independent Auditors* (or any successor or similar standard under GAAP)), of Ernst & Young LLP or another public accounting firm approved by the Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed), any management letters prepared by said accountants and a certificate of the chief financial officer of Parent certifying that such copies are true and complete copies of the financial statements, auditor's report and management letters and that such information fairly presents, in all material respects, the consolidated financial condition of Parent as of the date thereof.

(e) Agreed Upon Procedures. On or before June 30 of each year, commencing June 30, 2020, the Borrower will furnish to the Administrative Agent, which shall not be an expense of any Secured Party, a customary agreed upon procedures report from a professional services field examination firm of recognized national standing selected by the Borrower that is acceptable to the Required Lenders in their reasonable discretion, addressed to the Collateral Agent, the Administrative Agent and the Lenders, performing such procedures as the Required Lenders in their reasonable discretion may request.

(f) Litigation. As soon as practical and in any event within three (3) Business Days after a Responsible Officer of the Borrower has knowledge thereof, written notice of any litigation, investigation or proceeding against a Credit Party and/or the Collateral that would reasonably be expected to have a Material Adverse Effect.

(g) Changes in Law. If changes in any law, rule or regulation of the United States or any state or local jurisdiction become effective that would reasonably be expected to have a Material Adverse Effect on any Credit Party or any material portion of the Receivables, written notice thereof to the Collateral Agent and the Administrative Agent as soon as practical and in any event within three (3) Business Days after a Responsible Officer of the Borrower has knowledge thereof.

(h) Financial Statements and Annual Compliance Audit of the Servicer. Copies of all reports (including audited financial statements, SSAE 16 reports and annual compliance audit reports, as applicable) and other documents delivered to the Borrower by the Servicer pursuant to the Servicing Agreement no later than three (3) Business Days after the date such reports have been delivered to the Borrower pursuant to the terms of the Servicing Agreement.

(i) Books and Records. Upon request of the Administrative Agent (such request not to be made more than twice during any calendar year unless (i) an Event of Default, Servicer Termination Event or Amortization Event has occurred during such calendar year or (ii) such request is being made in connection with any litigation, investigation or proceeding, any internal compliance or credit review or any inquiry by any Regulatory Authority), copies of all books and records of the Borrower and the Servicer relating to the Receivables or other Collateral.

(j) Know Your Customer Regulations. All information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance

with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation.

(k) Credit and Collection Policies. Within forty-five (45) days after the end of each fiscal quarter of each fiscal year of Parent, a copy of the Credit and Collection Policies to the extent they have been amended during such fiscal quarter.

(l) Further Assurances. Promptly, from time to time, such other information, documents, records or reports, to the extent in a Credit Party's possession or otherwise readily available to a Credit Party without undue burden or expense, respecting the Collateral or the condition or operations, financial or otherwise, of the Borrower or any other Credit Party as the Collateral Agent or the Administrative Agent may from time to time reasonably request.

Section 7.03 Negative Covenants of the Borrower. From the date hereof until the Final Payout Date, the Borrower shall not, without the prior written consent of the Required Lenders (or all Lenders in the case of a Fundamental Amendment):

(a) Sales, Liens, Etc. Except as otherwise provided in this Agreement and the Servicing Agreement, sell, assign (by operation of law or otherwise) or otherwise dispose of (including, without limitation, any effective transfer or other disposition as a result of a division of the Borrower or the Servicer), or create or suffer to exist any valid Lien (other than a Permitted Lien) upon or with respect to, any Receivable or other Collateral, or any interest therein, or any account to which any Collections of or payments on any Receivables or other Collateral are sent, or any right to receive income or proceeds from or in respect of any of the foregoing.

(b) Extension; Termination; Waiver; Amendment and Other Modification. Except as expressly permitted in accordance with the terms of the Transaction Documents and as may be required by Applicable Law: (i) extend, terminate, waive, amend or otherwise modify the terms of any Receivable, (ii) terminate, waive, amend or otherwise modify the terms of or exercise any consent or approval rights under any Transaction Document to which it is a party (other than with the Required Lenders' consent, or, in the case of any Fundamental Amendment, with the consent of all Lenders), (iii) terminate the appointment of the Servicer under the Servicing Agreement or (iv) take or consent to (or permit the Servicer to take or consent to) any other action that materially impairs the rights of Borrower or any Secured Party to the Collateral or modify, in a manner adverse in any material respect to any Secured Party, the right of such Secured Party to demand or receive payment under any of the Transaction Documents.

(c) Change in Business. Make any change in the character of its business.

(d) Consolidation, Mergers, etc. To the fullest extent permitted by law, dissolve, liquidate, divide into, merge into, or consolidate with, one or more corporations or other entities, or, except as otherwise expressly permitted by the Transaction Documents, be a party to any transaction involving the transfer (including, without limitation, any effective transfer or other disposition as a result of a division of the Borrower) of any portion of its assets, revenues or properties to or with any corporation or other Person.

(e) Servicer Limitations. The Borrower shall not permit, and shall not permit the Servicer to permit, any Receivables to be serviced by any servicer other than the Servicer or pursuant to any servicing agreement other than the Servicing Agreement; *provided*, however, that this clause (e) shall not prohibit (i) the Collateral Agent from transferring servicing of any Receivable to a Successor Primary Servicer pursuant to the Back-Up Servicing Agreement as contemplated hereby, or (ii) the Servicer from delegating its servicing responsibilities to a sub-servicer, subject to the terms and conditions of the Servicing Agreement.

(f) Payment Instructions. Change, or permit any Originator, the Seller or the Servicer to change, payment instructions to any Obligor other than in accordance with the Servicing Agreement, this Agreement and/or the other Transaction Documents.

(g) ERISA. Become a Benefit Plan Investor.

(h) Borrower's Legal Status. The Borrower shall not change its name, type of organization, jurisdiction of organization or legal structure.

(i) Borrower's Business. The Borrower shall not, (i) Guarantee any obligation of any Person, including any Affiliate; (ii) own assets or engage, directly or indirectly, in any business other than the ownership of the assets contemplated by, and actions required or permitted to be performed under, the Transaction Documents; (iii) incur, create or assume any Indebtedness not arising under or expressly permitted by this Agreement or any other Transaction Document; (iv) make or permit to remain outstanding any loan or advance to, or own or acquire any stock or securities of, any Person, except that the Borrower may acquire Receivables, may invest in those investments permitted under the Transaction Documents and may make any advance required or expressly permitted to be made pursuant to any provision of the Transaction Documents and permit the same to remain outstanding in accordance with such provisions; (v) to the fullest extent permitted by law, engage in any dissolution, division, liquidation, consolidation, merger, asset sale or transfer of ownership interests other than sales of Receivables, to the extent permitted under Section 7.03(d), other transfers and sales expressly permitted by the Transaction Documents, investing in Permitted Investments pursuant to this Agreement and the other Transaction Documents and such other activities as are expressly permitted under this Agreement and the other Transaction Documents; or (vi) form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other).

(j) No Dividends or Distributions. The Borrower will not make (i) any dividend or other distribution, direct or indirect, on account of the beneficial interests or any other Equity Interests of the Borrower now or hereafter outstanding, or (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of the beneficial interests or any other Equity Interests of the Borrower now or hereafter outstanding; *provided*, however, that this Section 7.03(j) shall not prohibit (i) dividends or distributions from funds released to the Borrower pursuant to Section 3.03(a) or after the Final Payout Date, (ii) any Permitted Release, (iii) sales, purchases or reassignments, as applicable, of Receivables pursuant to Section 6.03 or otherwise as permitted by the Transaction Documents or (iv) dividends or distributions made from the proceeds of any Advance or Release to the extent that after giving effect thereto no Unmatured Amortization Event, Amortization Event, Unmatured Event of Default, Event of

Default, Servicer Termination Event or Unmatured Servicer Termination Event has occurred and is continuing.

(k) Netting of Servicing Compensation. The Borrower shall not permit, and shall not permit the Servicer to permit, the netting against any Collections of Servicing Compensation for any Collection Period in excess of the Senior Servicing Compensation for such Collection Period.

ARTICLE VIII

AMORTIZATION EVENTS; EVENTS OF DEFAULT; REMEDIES; SET-OFF

Section 8.01 Amortization Events. The following events shall be "Amortization Events" hereunder:

(a) VantageScore. (i) the One-Month Average VantageScore is below 620 or (ii) the Three-Month Average VantageScore is below 625.

(b) Facility Usage. For at least three (3) consecutive Business Days after the end of the Ramp-Up Period, the Loan Amount is less than 25.00% of the Program Limit as of any date of determination.

(c) Performance Triggers. (i) The Charge-Off Ratio shall exceed 25.00%, (ii) the Latest Vintage Pool Charged-Off Percentage shall exceed 27.50% or (iii) the Collections Ratio is less than 4.50%.

(d) Event of Default. The occurrence of an Event of Default.

Upon the occurrence and during the continuation of an Amortization Event, the Lenders shall no longer be obligated to fund Advances hereunder and all amounts outstanding hereunder shall begin to amortize as set forth in Section 3.03(b) without any notice or action on the part of the Administrative Agent or any Lender.

Section 8.02 Events of Default. The following events shall be "Events of Default" hereunder:

(a) Non-Payment. Any Credit Party shall fail to pay in full in immediately available funds (i) all interest, fees and other charges and obligations (other than any Loan Amount) when due and payable under the Transaction Documents, which failure remains unremedied in excess of two (2) Business Days, (ii) any payment or deposit of principal of the Loan Amount required to be made by it under the Transaction Documents (including any prepayment pursuant to Section 2.03) when due or (iii) on the Final Maturity Date, the Loan Amount, together with all other Obligations (other than contingent amounts not then due) and other amounts then owing by the Credit Parties under the Transaction Documents, unless, in the case of each of the foregoing clauses (ii) and (iii), the Borrower (A) notifies the Administrative Agent on the date such payment or deposit is due that the failure to make such payment or

deposit was caused solely by an error or omission of an administrative or operational nature on the part of the transmitting financial institution, (B) demonstrates to the reasonable satisfaction of the Administrative Agent that funds were available to Borrower to enable it to make such payment or deposit when due and (C) makes such payment or deposit within one (1) Business Day after the date such payment or deposit was due.

(b) Breach of Representations. Any representation or warranty made or deemed to be made by any Credit Party under this Agreement or any other Transaction Document to which it is a party or in any other certificate, written information or report delivered pursuant hereto or thereto shall prove to have been false or incorrect in any material respect when made, unless such breach, if able to be remedied, has been remedied within ten (10) Business Days after a Responsible Officer of any Credit Party first obtains knowledge or receives written notice thereof; *provided*, *however*, that no Event of Default shall arise under this clause (b) in respect of any breach of a representation or warranty regarding a Receivable under Section 6.01(m) or 6.02 if the Borrower timely complies with its obligations in respect thereof under Section 6.03.

(c) Breach of Certain Covenants. The Borrower or any other Credit Party, as applicable, shall fail to perform or observe any term, covenant or agreement contained in Section 7.01(b), (f), (g), (k) or in Section 7.03.

(d) Other Breaches Under the Transaction Documents. Any Credit Party shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Transaction Document to which it is a party, and such failure (solely to the extent capable of being remedied) shall remain unremedied for ten (10) Business Days after a Responsible Officer of any Credit Party first receives written notice or obtains knowledge thereof.

(e) Event of Bankruptcy. An Event of Bankruptcy shall have occurred with respect to any SmileDirect Entity (excluding Affiliates of Parent which are both (x) organized outside of the United States and (y) not Credit Parties).

(f) Tax; ERISA. (i) The Internal Revenue Service shall file notice of a lien securing obligations in excess of $1,000,000 pursuant to Section 6321 of the Code with regard to any of the assets of any Credit Party, (ii) the Pension Benefit Guaranty Corporation shall, or shall indicate its intention to, file notice of a lien securing obligations in excess of $1,000,000 pursuant to Section 4068 of ERISA, or a contribution failure occurs sufficient to give rise to a lien securing obligations in excess of $1,000,000 pursuant to Section 303(k) of ERISA or Section 430(k) of the Code, with regard to any of the assets of any Credit Party, and in each case, such lien shall not have been released within ten (10) Business Days, or (iii) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

(g) Adverse Claims. The Collateral Agent shall fail to have a valid, perfected first priority Lien (subject to Permitted Liens) on any material portion of the Collateral, for the benefit of the Secured Parties.

(h) Change of Control. A Change of Control shall occur.

(i) Borrowing Base Deficiency. A Borrowing Base Deficiency shall occur and shall remain unremedied for two (2) Business Days after a Responsible Officer of any Credit Party first obtains knowledge or receives written notice thereof.

(j) Material Adverse Change. The occurrence of any event which has resulted in a Material Adverse Change.

(k) Judgments. (i) One or more judgments for the payment of money shall be rendered against the Borrower or (ii) one or more final and non-appealable judgments for the payment of money in an aggregate amount in excess of $3,000,000 (excluding any judgments to the extent covered by insurance or subject to third-party indemnification and promptly paid) shall be rendered against any other Credit Party and remain unpaid and unstayed for a period of sixty (60) days.

(l) Regulatory Event. The occurrence of a Regulatory Event.

(m) Performance Triggers. (i) the Charge-Off Ratio shall exceed 35.00%, (ii) the Latest Vintage Pool Charged-Off Percentage shall exceed 35.00% or (iii) the Collections Ratio is less than 2.50%.

(n) Interest Reserve Account. The amount on deposit in the Interest Reserve Account is less than the Required Interest Reserve Amount and such deficit remains uncured for three (3) Business Days.

(o) Credit and Collection Policies. The Credit and Collection Policies shall have been modified, other than with respect to Permitted Policy Modifications, without the prior written approval of the Administrative Agent.

(p) Investment Company. The Borrower shall be required to register as an “investment company,” or shall be controlled by an entity required to be registered as an “investment company” under the Investment Company Act.

(q) Unenforceable. Any material provision of this Agreement or any other Transaction Document shall cease to be in full force and effect (other than in accordance with its terms) or the Borrower, the Servicer, the Seller or Parent shall so state in writing.

(r) Cross Default. (i) Any SmileDirect Entity or any of their respective Subsidiaries, individually or in the aggregate, shall fail to pay any principal of or premium or interest on any of its Indebtedness (excluding Capital Lease Obligations) that is outstanding in a principal amount of at least $50,000,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Indebtedness (whether or not such failure shall have been waived under the related agreement) or (ii) any such Indebtedness (as referred to in clause (i) of this paragraph) shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or

defeased, or an offer to repay, redeem, purchase or defease such Indebtedness shall be required to be made or the commitment of any lender thereunder terminated, in each case before the stated maturity thereof; provided, however, that none of the following shall constitute an Event of Default under clause (r)(ii) above: (A) secured Indebtedness becoming due as a result of the voluntary sale or transfer of, or any casualty, condemnation or similar event with respect to, the property or assets securing such Indebtedness, (B) mandatory prepayment requirements arising from the receipt of net cash proceeds from debt, dispositions (including casualty losses, governmental takings and other involuntary dispositions), equity issuances or excess cash flow or (C) any voluntary prepayment, redemption or other satisfaction of debt that becomes mandatory in accordance with the terms of such debt solely as the result of the delivery of a prepayment, redemption or similar notice with respect to such prepayment, redemption or other satisfaction.

(s) Tangible Net Worth. As of the last day of any calendar month, the Tangible Net Worth of Parent, its Consolidated Subsidiaries and, without duplication, the Originators, shall be less than $150,000,000.

(t) Liquidity. As of the last day of any calendar month, as determined as of such date in accordance with GAAP, the amount of unencumbered Cash and Cash Equivalents of Parent, its Consolidated Subsidiaries and, without duplication, the Originators, shall be less than the greater of (i) $75,000,000 and (ii) an amount equal to 5% of the total assets of Parent, its Consolidated Subsidiaries and, without duplication, the Originators.

(u) Leverage Ratio. As of the last day of any calendar month, the Leverage Ratio of Parent, its Consolidated Subsidiaries and, without duplication, the Originators shall exceed 4:1.

(v) Servicer Termination Event. The occurrence of a Servicer Termination Event, other than any Servicer Termination Event (x) solely related to the performance or non-performance of the Sub-Servicer if cured by the Servicer within ten (10) Business Days following the Servicer obtaining knowledge or receiving written notice thereof or (y) solely related to the financial condition of the Sub-Servicer.

Section 8.03 Remedies upon an Event of Default.

(a) Optional Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in Section 8.02(e) with respect to any SmileDirect Entity), the Collateral Agent may, with the prior written consent of, and shall, at the direction of, the Required Lenders, by written notice to a Responsible Officer of the Borrower, declare that the Final Maturity Date has occurred and upon any such declaration, the date of such notice shall be deemed to be the Final Maturity Date and the Loan Amount shall be immediately due and payable, together with all accrued interest thereon and all other Obligations, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(b) Automatic Acceleration. Upon the occurrence of an Event of Default described in Section 8.02(e) with respect to any SmileDirect Entity, the Final Maturity Date shall

occur automatically upon the date of such occurrence and the unpaid Loan Amount shall automatically become due and payable, together with all accrued interest thereon and all other Obligations, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Borrower.

(c) Additional Remedies. Following any acceleration of the unpaid Loan Amount pursuant to this Section 8.03, the Collateral Agent, with the prior written consent of or at the direction of the Required Lenders, shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided under the UCC of each applicable jurisdiction and other Applicable Laws to a secured party, which rights shall be cumulative, including, without limitation, the right to foreclose upon the Collateral and sell all or any portion thereof at public or private sale (and the Borrower agrees that, to the extent that notice of such sale is required, written notice ten (10) days prior to such sale shall be adequate and reasonable notice for all purposes).

(d) Disposition of Collateral. Upon the occurrence and during the continuation of an Event of Default, subject to any applicable cure period, and if the Collateral Agent (at the direction of the Required Lenders) exercises its foreclosure rights with respect to the Collateral, the Borrower agrees to deliver, or cause the delivery of, each item of Collateral to the Collateral Agent on demand. Without limiting the generality of the foregoing, the Borrower agrees that, upon the occurrence and during the continuation of an Event of Default, if the Collateral Agent (at the direction of the Required Lenders) exercises its foreclosure rights with respect to the Collateral, the Collateral Agent shall have the right, subject to the mandatory requirements of Applicable Law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale, for cash, upon credit or for future delivery, as the Collateral Agent (at the direction of the Required Lenders) shall deem appropriate. Any purchaser that has purchased any Collateral pursuant to any such sale shall hold the property sold absolutely free from any claim or right on the part of the Borrower, and the Borrower hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which the Borrower now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(e) Sale of Collateral. The Collateral Agent shall give a Responsible Officer of the Seller ten (10) days' prior written notice (which the Borrower and the Seller agree is reasonable notice within the meaning of Section 9-611 of the UCC or its equivalent in other jurisdictions) of the Administrative Agent's intention to sell any Collateral pursuant to clause (d) of this Section 8.03. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate portions thereof, as the Required Lenders may direct the Collateral Agent. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine (at the Required Lenders' direction) not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time

and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Agreement, the Collateral Agent may bid for or purchase, free (to the extent permitted by Applicable Law) from any right of redemption, stay, valuation or appraisal on the part of the Borrower and the Seller (all said rights being also hereby waived and released to the extent permitted by Applicable Law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Person from the Borrower or the Seller as a credit against the purchase price, and such Person may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Borrower or the Seller therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and after a sale of the Collateral, the Borrower shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full; provided, that Collateral Agent shall apply such proceeds in accordance with Section 3.03(b) and after all Secured Obligations have been paid in full, any Collateral and any funds remaining from the sale of the Collateral shall be released to the Borrower or its designees and control over and ownership of such Collateral and any such funds shall revert to the Borrower. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court appointed receiver. Any sale pursuant to the provisions of this Section 8.03(e) shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the UCC or its equivalent in other jurisdictions. The Collateral Agent shall select an offer to purchase at the Required Lenders' direction, who shall not be obligated to direct any sale of Collateral.

(f) Setoff. Upon the occurrence and during the continuance of an Event of Default, regardless of the other means of obtaining payment of any of the obligations of the Borrower hereunder or under any other Transaction Document, each of the Lenders and any other Secured Party is hereby authorized at any time and from time to time, without prior notice (but with notice promptly thereafter) to the Borrower (any such prior notice being expressly waived by the Borrower) and to the fullest extent permitted by law, to set off and apply deposits (other than those held in an agency or fiduciary capacity or otherwise for the benefit of a third party) and other sums against the obligations of the Borrower due under this Agreement and the other Transaction Documents, whether or not such Lender or the other Secured Parties shall have made any demand under this Agreement or the other Transaction Documents. No Credit Party shall be entitled to exercise any right of setoff with respect to amounts owed by it to any Lender or any other Secured Party under this Agreement or any other Transaction Document. If any Lender or other Secured Party, directly or through an Affiliate, obtains any payment of any Obligation of the Borrower (other than pursuant to Section 3.03), such Lender or Secured Party

shall turn over such payments to the Collateral Agent for deposit into the Collection Account and application in accordance with Section 3.03. For the avoidance of doubt, and notwithstanding anything herein to the contrary, Servicer and/or Sub-Servicer may exercise rights of setoff expressly permitted under the Servicing Agreement and/or the Service Provider Agreement (as defined in the Servicing Agreement), as applicable.

Section 8.04 Equity Cure Right.

In the event that an Event of Default would otherwise arise in respect of any financial covenant set forth in Section 8.02(s), Section 8.02(t) or Section 8.02(u), until the expiration of the fifth (5^{th}) Business Day after the date on which financial statements are required to be delivered with respect to the applicable calendar month hereunder, the Parent shall have the right to issue Equity Interests for cash or otherwise receive cash contributions to the capital of the Parent, contribute the proceeds thereof to SmileDirect and apply the amount of the proceeds thereof to determine compliance with the financial covenants referenced above with respect to the applicable calendar month (and thereafter as necessary) (the "Cure Right"); provided that (a) such proceeds are actually received by SmileDirect no later than five (5) Business Days after the date on which financial statements are required to be delivered with respect to such calendar month hereunder, (b) no amounts in excess of the amounts necessary to cure the Event(s) of Default that would otherwise have arisen shall be permitted to be taken into account for purposes of determining compliance with the applicable financial covenant(s), but nothing in this Section 8.04 limits the right of any Credit Party to receive a contribution of additional cash that does not conflict with any other provision of the Transaction Documents; (c) the Cure Right shall not be exercised more than four (4) times during the term of this Agreement; and (d) the aggregate amount of all Cure Right proceeds during the term of this Agreement shall not exceed $50,000,000. Notwithstanding any provision of this Agreement to the contrary, if, after giving effect to the foregoing, there shall be no non-compliance with Section 8.02(s), Section 8.02(t) or Section 8.02(u) for the applicable calendar month, no Event of Default shall be deemed to have arisen under such Sections as of the relevant date of determination, with the same effect as though there had been no failure to comply on such date, and the applicable Event of Default that otherwise would have occurred shall be deemed cured for purposes of this Agreement.

ARTICLE IX

ASSIGNMENT OF LENDERS' INTERESTS

Section 9.01 Assignments. (a) This Agreement and each Lender's rights and obligations herein (including the Advances) shall be assignable, in whole or in part, by such Lender and its successors and permitted assigns, provided that any such successors and assigns have obtained the written consent of the Administrative Agent and the Borrower (not to be unreasonably withheld, conditioned or delayed) prior to any such assignment unless such assignment is to a Lender or an Affiliate of a Lender; *provided*, however, that (i) no such assignment shall be for less than the lesser of $5,000,000 and the assigning Lender's Percentage of the Loan Amount, (ii) no consent of the Administrative Agent or the Borrower or limitation set forth in clause (i) above, in any case, shall apply or be required for any assignment by a Conduit Lender to (A) its related Committed Lender or its Related Parties or (B) a Permitted

Conduit Lender, (iii) such assignment shall be of a uniform, and not a varying, percentage of all of the assigning Lender's rights and obligations in respect of the Loan Amount and Commitment hereunder and (iv) no consent of the Borrower shall be required if any Event of Default or Amortization Event has occurred and is continuing. Each assignor may, subject to the restrictions set forth in this Section 9.01(a) and Section 12.14, in connection with a prospective assignment (other than to a Disqualified Institution), disclose to the applicable prospective assignee any information relating to the Credit Parties or the Collateral furnished to such assignor by or on behalf of the Credit Parties, the Collateral Agent, the Administrative Agent or another Lender. Unless the prospective assignee is a Lender or an Affiliate of a Lender or a Permitted Conduit Lender, the assigning Lender shall cause the prospective assignee to enter into a confidentiality agreement substantially the same in applicable substance as Section 12.13 of this Agreement or otherwise reasonably acceptable to the Borrower and to which the Borrower or an Affiliate thereof is a party or with respect to which the Borrower or an Affiliate thereof is a third-party beneficiary.

(b) The Borrower may not assign its rights or, except as otherwise expressly provided herein, delegate its obligations hereunder or any interest herein without the prior written consent of the Lenders.

(c) Without limiting any other rights that may be available under Applicable Law, the rights of any Lender may be enforced through it or by its agents and no Lender shall be responsible or liable for the actions of such agents selected with due care.

(d) Each Lender may, without the consent of any Person, sell participations to one or more banks or other entities other than Ineligible Institutions (each, a "Participant") in all or a portion of its rights and obligations hereunder (including the outstanding Advances); provided that following the sale of a participation under this Agreement (i) the obligations of such Lender shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower shall continue to deal solely and directly with the Administrative Agent or such Lender, as appropriate, in connection with such Lender's rights and obligations under this Agreement and (iv) such Participant will not be entitled to receive any payment under Sections 2.06, 4.02 or 10.01, in excess of the payments such Lender would have been entitled to receive absent such participation or in excess of the payments demanded generally by such Participant from other similarly situated borrowers under similar circumstances. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.06 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.06(f) as though it were a Lender (it being understood that the documentation required under Section 2.06(f) shall be delivered to the participating Lender).

(e) The following provisions shall apply to Disqualified Institutions, notwithstanding any provision of this Agreement or any other Transaction Document to the contrary:

(i) No assignment or participation shall be made to any Person that was a Disqualified Institution as of the date (the "Trade Date") on which the assigning or

participating Lender entered into a binding agreement to sell and assign or grant a participation in all or a portion of its rights and obligations under this Agreement to such Person (unless the Borrower has consented to such assignment or participation in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment or participation). For the avoidance of doubt, with respect to any assignee or participant that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the definition of "Disqualified Institution"), such assignee or participant shall not retroactively be disqualified from becoming a Lender or Participant. Any assignment or participation in violation of this clause (i) shall not be void, but the other provisions of this clause (e) shall apply.

(ii) If any assignment or participation is made to any Disqualified Institution without the Borrower's prior written consent in violation of clause (i) above, or if any Person becomes a Disqualified Institution after the applicable Trade Date, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, require such Disqualified Institution to assign, without recourse (in accordance with and subject to the restrictions contained in this Section 9.01), all of its interest, rights and obligations under this Agreement to one or more Persons (other than an Ineligible Institution) at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder.

(iii) Notwithstanding anything to the contrary contained in this Agreement, (A) Disqualified Institutions to whom an assignment or participation is made in violation of clause (i) above will not have the right to (x) receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders (or any of them) and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Transaction Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter.

(iv) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Advances, or disclosure of confidential information, by any other Person to any Disqualified Institution.

(f) The Collateral Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a register (the "Register") on which it will record the name and address of each Lender (including any assignees), the principal amounts (and stated interest) owing to each Lender under this Agreement, and any other information necessary to ensure that the Advances are maintained "in registered form" within the meaning of Treasury regulations section 5f.103-1(c). The entries in the Register will be conclusive absent demonstrable error, and the Borrower, the Collateral Agent, the Administrative Agent and the Lenders will treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Collateral Agent shall update the Register promptly upon receiving written notice from any Lender of an assignment of such Lender's interests hereunder, and no such assignment shall be effective until reflected in the Register. The Register shall be available for inspection by the Borrower, the Administrative Agent and each Lender, at any reasonable time and from time to time upon reasonable prior notice.

(g) In the event that any Lender sells a participation of its rights and obligations hereunder, such Lender shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register (the "Participant Register") on which it will record the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in such rights and obligations, and any other information necessary to ensure that the Advances are maintained "in registered form" within the meaning of Treasury regulations section 5f.103-1(c). The entries in the Participant Register will be conclusive absent demonstrable error, and such Lender will treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement. Such Lender shall update the Participant Register promptly upon a sale of a participation of such Lender's rights and obligations hereunder, and no such sale of a participation shall be effective until reflected in the Participant Register. Such Lender will not have any obligation to disclose all or any portion of the Participant Register to any Person except (i) that it will notify the Borrower of such participation, and (ii) to the extent that such disclosure is necessary to establish that the Advances are maintained "in registered form" within the meaning of Treasury regulations section 5f.103-1(c). For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

Section 9.02 Rights of Assignee. Upon the assignment by any Lender in accordance with Section 9.01, the assignee receiving such assignment shall have all of the rights of such Lender with respect to the Transaction Documents and the Collateral (or such portion thereof as has been assigned), and all of the obligations of such Lender, including without limitation, under Sections 2.06, 9.01(d) and 12.13.

Section 9.03 Evidence of Assignment. Any assignment of any Lender's rights and obligations hereunder, and the Advances (or any portion thereof) to any Person may be evidenced by an Assignment and Acceptance or such other instrument(s) or document(s) as may be satisfactory to the assigning Lender, the Borrower (solely to the extent the Borrower's consent to such assignment is required under Section 9.01(a)) and the assignee.

Section 9.04 Pledge; Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Lender may at any time pledge or grant a security interest in

all or any portion of its rights (including, without limitation, any interest it has in any Advances and any rights to payment on such Advances or interest thereon) under this Agreement to secure obligations of such Lender or an Affiliate of such Lender to (a) a Federal Reserve Bank or (b) a collateral trustee appointed by any Conduit Lender or by its related Committed Lender on behalf of such Conduit Lender to comply with Rule 3a-7 under the Investment Company Act, in each case, without notice to or consent of the Borrower or any other party hereto; provided, that no such pledge or grant of a security interest shall release such Lender from any of its obligations hereunder, or substitute any such pledgee or grantee for such Lender as a party hereto.

Section 9.05 Patriot Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies each Credit Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies such Credit Party, which information includes the name and address of such Credit Party and other information that will allow such Lender to identify such Credit Party in accordance with the Patriot Act.

ARTICLE X

INDEMNIFICATION

Section 10.01 Indemnities.

(a) Indemnity by Borrower. Without limiting any other rights that any such Person may have hereunder or under Applicable Law (including, without limitation, the right to recover damages for breach of contract), the Borrower hereby agrees to indemnify the Collateral Agent, Administrative Agent, the Back-Up Servicer each Lender, each other Secured Party, their Affiliates, and all successors and permitted transferees, participants and assigns and all officers, directors, stockholders, members, employees, advisors, representatives and agents of any of the foregoing (each an "Indemnified Party") from and against any and all reasonable and documented damages, losses, claims, liabilities and related costs and expenses, including reasonable and documented attorneys' fees and disbursements of one primary firm of counsel for all Indemnified Parties, and, if necessary, one local firm of counsel in each relevant jurisdiction and special counsel and, in the event of any actual or potential conflict of interest, one additional firm of counsel for each Lender subject to such conflict (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to the Transaction Documents (including any failure of the Borrower to enforce its rights under the Transaction Documents and the obligations of the other parties under the Transaction Documents) or the use of proceeds of the Advances or in respect of any Receivable; *excluding, however*, (v) Indemnified Taxes, (w) any Taxes (other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim), (x) Indemnified Amounts resulting from a dispute solely among Lenders so long as such dispute does not (i) involve a claim against the Administrative Agent or the Collateral Agent and (ii) arise as a result of any action, inaction, representation or misrepresentation of, or information provided, or that was failed to be provided, by or on behalf of, any SmileDirect Entity or the Sub-Servicer, (y) Indemnified Amounts resulting from a dispute solely among one or more of the Administrative Agent, the Collateral Agent and/or the Lenders so long as (i) such dispute does not arise as a result of any action, inaction, representation or misrepresentation of, or information provided, or that was failed to be provided, by or on behalf of, any SmileDirect Entity or the Sub-Servicer and

(ii) a court of competent jurisdiction has determined by a final and non-appealable judgment that the Indemnified Amounts have resulted directly and solely from the gross negligence or willful misconduct of the Administrative Agent or the Collateral Agent and (z) Indemnified Amounts to the extent determined by a final and non-appealable judgment of a court of competent jurisdiction to have resulted directly and solely from the bad faith, gross negligence, willful misconduct or material breach in bad faith of the express obligations under this Agreement on the part of such Indemnified Party. Notwithstanding the foregoing, each Indemnified Party shall promptly repay to the Borrower any and all amounts previously paid by the Borrower pursuant to the foregoing indemnification provisions to the extent such Indemnified Party is found by a final, non-appealable judgment of a court of competent jurisdiction not to be entitled to indemnification hereunder as contemplated by the immediately preceding sentence.

Any amounts subject to the indemnification provisions of this Section 10.01(a) shall be paid by the Borrower to the related Indemnified Party on the Settlement Date that is at least five (5) Business Days immediately following demand therefor accompanied by reasonable supporting documentation and calculations in reasonable detail with respect to such amounts. An Indemnified Party need not demand payment from the Seller pursuant to the Purchase Agreement prior to seeking indemnification pursuant to this clause (a), nor shall any demand against the Seller provide a defense for the Borrower against payment hereunder except to the extent all such Indemnified Amounts have been satisfied in full.

(b) Settlements. No Indemnifying Party shall, without the prior written consent of all Indemnified Parties that are party thereto (which consent shall not be unreasonably withheld, conditioned or delayed), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding for which indemnification may be sought hereunder (a "Proceeding"), unless such settlement, compromise or consent includes an unconditional release of all such Indemnified Parties from all liability arising out of such claim, action or proceeding, and which settlement in each case must not include any admission of fault or liability adverse to any Indemnified Party other than the payment of money damages by the Indemnifying Party. Each Indemnified Party who is not directly a party to this Agreement is an express third party beneficiary of this Agreement.

(c) Notice. In case any Proceeding is instituted involving any Indemnified Party for which indemnification is to be sought hereunder by such Indemnified Party, then such Indemnified Party will endeavor to notify the Indemnifying Party reasonably promptly following such Indemnified Party's (x) receipt of actual knowledge of the commencement of any such Proceeding and (y) good faith determination that indemnification pursuant to this Agreement will be sought by such Indemnified Party; *provided*, *however*, that (i) the failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Parties pursuant to this Section 10.01 or from any liability that it may have to such Indemnified Parties other than pursuant to this Section 10.01, except to the extent that the Indemnifying Party's rights and defense of such matter are materially and adversely prejudiced by such failure and (ii) no such notice shall be required to be delivered to the extent that such Indemnified Party believes reasonably and in good faith that such notice is not permitted by any applicable law, rule, regulation, court order, directive from any governmental authority or contractual obligation.

ARTICLE XI

[RESERVED]

ARTICLE XII

MISCELLANEOUS

Section 12.01 Amendments, Etc. Except as otherwise contemplated in this Section or elsewhere in this Agreement (including in Sections 4.02 and 4.04 hereof), no amendment or waiver of any provision of this Agreement or termination hereof nor any consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by each of the Borrower, the Required Lenders, the Collateral Agent and the Administrative Agent. Notwithstanding the foregoing, no Fundamental Amendment to this Agreement or any other Transaction Document shall in any event be effective unless the same shall be in writing and signed by each of the Borrower, each Lender directly affected thereby, the Collateral Agent and the Administrative Agent. No amendment of any provision of any Transaction Document shall require any Lender to make an Advance hereunder or modify its Percentage of the Program Limit without such Lender's prior written consent. Any amendment which directly affects the rights, duties, immunities or liabilities of the Trustee shall require the Trustee's prior written consent. The Borrower and the Administrative Agent may without the consent of the Required Lenders (or any of the Lenders) amend this Agreement and/or the other Transaction Documents to cure any ambiguity, omission, defect or inconsistency.

Section 12.02 Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including communication by facsimile copy or e-mail) and mailed, delivered by nationally recognized overnight courier service, transmitted or delivered by hand, as to each party hereto, at its address set forth on Schedule 12.02 hereto (or with respect to Lenders after the Closing Date, as set forth in the Assignment and Acceptance (or such other instrument(s) or document(s) delivered pursuant to Section 9.03) or any amendment or supplement hereto so long as a copy thereof shall have been provided to the Borrower contemporaneously with, or promptly after, the execution thereof) or at such other address as shall be designated by such party in a written notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the specified facsimile number, (ii) if given by e-mail, when sent to the specified e-mail address and an appropriate confirmation is received, (iii) if given by mail, five (5) Business Days after being deposited in the United States mails, first class postage prepaid (except that notices and communications by mail pursuant to Article I or notices of Events of Default, Unmatured Events of Default, Amortization Events and Servicer Termination Events shall not be effective until received), (iv) if given by nationally recognized courier guaranteeing overnight delivery, the Business Day following such day after such communication is delivered to such courier or (v) if by hand delivery, when delivered at the address specified pursuant to this Section 12.02; *provided*, that, (A) if such notice is delivered pursuant to clause (i) or clause (ii) other than during the normal business hours of the recipient, then such notice shall not be effective prior to the open of business of the recipient on the next succeeding Business Day, and (B) if such notice is delivered pursuant to clauses (iii) through (v),

such notice to the applicable Credit Party shall only be effective if delivered to a Responsible Officer of the applicable Credit Party. Notwithstanding the foregoing, with respect to any Transaction Document, any recipient may upon reasonable prior written notice to each other party hereto designate what it deems to be appropriate confirmation (which appropriate confirmation must be commercially reasonable) and that notification by e-mail to it shall not be effective without such confirmation.

Section 12.03 No Waiver; Remedies. No failure on the part of the Borrower, any Lender, any Affected Party, any Indemnified Party, the Collateral Agent or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof (unless waived in writing); nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 12.04 Binding Effect; Survival. This Agreement shall be binding upon and inure to the benefit of the Borrower, the other Credit Parties, the Collateral Agent, the Administrative Agent and the Lenders, and their respective successors and permitted assigns, and the provisions of Section 4.02, Section 4.03, and Article X shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and permitted assigns; *provided*, however, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Section 9.01. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Payout Date. With the exception of Article I, Article II (other than Sections 2.03 and 2.06), Article III, Article IV (other than Section 4.02 and 4.03), Article V, Article VI, Article VII, Article VIII and Article IX, the provisions of this Agreement shall survive the Final Payout Date.

Section 12.05 Deliveries Due on Non-Business Days. If any document, statement, notice, report or payment shall be due under this Agreement or any other Transaction Document on a day that is not a Business Day, the date of required delivery or payment shall automatically be extended to the next succeeding Business Day, notwithstanding any provision hereof or any other Transaction Document to the contrary.

Section 12.06 Costs and Expenses. In addition to its obligations under Article X, the Borrower agrees to pay within five (5) Business Days of demand therefor accompanied by invoices in reasonable detail and reasonable supporting documentation: all reasonable and documented out-of-pocket costs and expenses incurred by the Collateral Agent, the Administrative Agent, any Lender and their Affiliates in connection with the negotiation, preparation, execution and delivery of, this Agreement, and any amendment or waiver to, or enforcement with respect to, this Agreement and the other Transaction Documents, including (i) the reasonable and documented attorneys' fees and disbursements of one primary firm of counsel for all such Persons, and, if necessary, one local firm of counsel in each relevant jurisdiction and special counsel and, in the event of any actual or potential conflict of interest, one additional firm of counsel for each Lender subject to such conflict, incurred in connection with any of the foregoing or in advising such Persons as to their respective rights and remedies under any of the Transaction Documents, (ii) all reasonable and documented out-of-pocket expenses (including reasonable and documented fees and expenses of independent accountants), incurred in

connection with any review of the Borrower's books and records pursuant to and in accordance with the terms of this Agreement, including pursuant to Section 7.01(c), subject to the limits set forth in Section 7.01(c), (iii) documented out-of-pocket expenses incurred in enforcing indemnification rights under the Transaction Documents and (iv) documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Advances hereunder (it being understood that, in the case of each of the foregoing clauses (ii), (iii) and (iv), attorneys' fees and disbursements reimbursable thereunder shall be subject to the same limitations as apply under clause (i) above).

Section 12.07 Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Appendix, Schedule or Exhibit are to such Section of or Appendix, Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

Section 12.08 Integration. This Agreement and the other Transaction Documents, contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire understanding among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

Section 12.09 Governing Law. THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES), EXCEPT, AS TO ANY TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN AND EXCEPT TO THE EXTENT THAT THE CREATION, PERFECTION OR PRIORITY OF THE INTERESTS OF THE SECURED PARTIES IN THE COLLATERAL IS GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 12.10 Waiver Of Jury Trial; Submission to Jurisdiction. EACH OF THE PARTIES HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY BANKING OR OTHER RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY INDEMNIFIED PARTY IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN THE PREVIOUS PARAGRAPH. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 12.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

Section 12.11 Execution in Counterparts; Severability. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 12.12 No Insolvency; No Recourse Against Other Parties. (a) The obligations of each Lender, the Administrative Agent, the Collateral Agent, the Borrower, the Seller, the Servicer and any other party hereto under any Transaction Document are solely the corporate, limited liability company, trust or partnership obligations of such Person, and no

recourse shall be had for such obligations against any Affiliate, director, officer, member, manager, partner, beneficiary, trustee, employee, attorney or agent of any such Person.

(b) Notwithstanding anything in this Agreement or any other Transaction Document to the contrary, no Conduit Lender shall have any obligation to pay any amount required to be paid by it hereunder or thereunder in excess of any amount available to such Conduit Lender after paying or making provision for the payment of its Commercial Paper Notes, *provided* that in the event that such Conduit Lender does not pay such amount, such Conduit Lender's related Committed Lender shall be obligated (without any extension of time) to pay such amount strictly in accordance with the terms of the Transaction Documents. All payment obligations of any Conduit Lender hereunder are contingent upon the availability of funds in excess of the amounts necessary to pay its Commercial Paper Notes; and each of the Credit Parties and the Secured Parties agrees that they shall not have a claim against a Conduit Lender under Section 101(5) of the Bankruptcy Code if and to the extent that any such payment obligation exceeds the amount available to any Conduit Lender to pay such amounts after paying or making provision for the payment of its Commercial Paper Notes. Any amount which such Conduit Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or obligation of such Conduit Lender for any such insufficiency.

(c) Notwithstanding any prior termination of this Agreement, each of the parties hereto hereby agrees that it shall not institute against, or join any other person in instituting against, any Conduit Lender any insolvency proceeding, for one year and a day after the latest maturing Commercial Paper Note or other debt security issued by such Conduit Lender is paid. Each of the parties hereto agrees, for the benefit of the holders of the privately or publicly placed indebtedness for borrowed money of each such Conduit Lender, not, prior to the date which is one (1) year and one (1) day after the payment in full of all privately or publicly placed indebtedness for borrowed money of such Conduit Lender outstanding, to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause any such Conduit Lender to invoke, the process of any court or any other Regulatory Authority for the purpose of (i) commencing, or sustaining, a case against such Conduit Lender under any federal or state bankruptcy, insolvency or similar law (including the Bankruptcy Code), (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of such Conduit Lender, or any substantial part of its property, or (iii) ordering the winding up or liquidation of the affairs of such Conduit Lender.

Section 12.13 Confidentiality. (a) Each of the Collateral Agent, the Administrative Agent and the Lenders agree to maintain the confidentiality of the Confidential Information, except that Confidential Information may be disclosed (a) to its Affiliates and to its Related Parties on a need-to-know basis solely in connection with their performance of the Transaction Documents (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential); (b) to the extent required or requested by any Regulatory Authority purporting to have jurisdiction over such Person or its Related Parties, *provided* that any disclosure under this clause (b) shall be limited to the portion of the Confidential Information as may be required or requested by such Regulatory Authority; (c) to the extent required by Applicable Laws or by any subpoena or similar legal process, *provided* that any disclosure under this clause (c) shall be limited to the portion of the Confidential

Information as may be required or requested under Applicable Law; (d) to any other party hereto; (e) in connection with the exercise of any remedies in accordance with the terms of this Agreement or under any other Transaction Document or any action or proceeding relating to this Agreement or any other Transaction Document or the enforcement of rights hereunder or thereunder; (f) if the recipient is a qualified assignee or participant pursuant to Article IX (that, in each case, is not a Disqualified Institution), subject to an agreement containing provisions substantially the same as those of this Section 12.14 (and to which the Borrower and SmileDirect shall each be an express third party beneficiary), to (i) any permitted assignee of or Participant in, or any prospective permitted assignee of or Participant in, any of its rights and obligations under this Agreement for use solely in connection with the Transaction Documents and transactions contemplated thereby, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other similar transaction under which payments are to be made to such party by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to any Rating Agency in connection with rating the Borrower or its Indebtedness or the Transactions; (h) with the written consent of the Borrower; (i) to the extent such Confidential Information (x) becomes publicly available other than as a result of a breach of this Section 12.13, or (y) becomes available to the Collateral Agent, the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source, that is not actually known to be bound by a confidentiality obligation in favor of any of the Credit Parties, other than the Borrower, any other Credit Party, any SmileDirect Entity and any of their respective Affiliates or Related Parties; or (j) equity provider or sponsor of any Conduit Lender or to any nationally recognized statistical rating organization (within the meaning of the Securities Exchange Act of 1934, as amended) either (i) in compliance with Rule 17g-5 thereunder (or any similar rule or regulation in any relevant jurisdiction) or (ii) in connection with the rating or reaffirmation of the rating of the Commercial Paper Notes of a Conduit Lender. It is understood and agreed that the Collateral Agent, the Administrative Agent and the Lenders shall be responsible for the breach by their respective Affiliates and Related Parties of the confidentiality obligations set forth herein.

(b) The Borrower agrees that it shall not (and shall ensure that Parent and Parent's controlled Affiliates and Related Parties shall not) disclose to any Person or entity the specific pricing and/or fees, advance rate or eligibility criteria set forth on Exhibit H provided by any Lender and Affiliates of any Lender or the amount or terms of any fees or other amounts payable to any Lender or any Affiliate of any Lender in connection with the Transaction, other than on an aggregate basis in any financial statements, financial information and financial computations and calculations (collectively, the "Product Information"), except

(i) to its and its Affiliates' employees, officers, directors, advisors, representatives, accountants, legal counsel and agents (collectively, the "Borrower Representatives"),

(ii) to the extent any Credit Party or any Affiliate or their counsel thereof reasonably deems necessary in order to comply with any requirement of Applicable Law or any Regulatory Authority,

(iii) to any nationally recognized statistical rating organization for the purpose of assisting in the negotiation, completion, administration and evaluation of the

Transaction or in compliance with Rule 17g-5 under the Exchange Act (or to any other rating agency in compliance with any similar rule or regulation in any relevant jurisdiction),

(iv) to its and its Affiliates' regulators,

(v) to the Collateral Agent and/or the Administrative Agent,

(vi) to any potential acquirer, subject to customary confidentiality arrangements that include terms which are substantially similar to the applicable terms of this Section 12.13, or

(vii) with the prior written consent of such Lender.

"Product Information" shall not include, however, information that is or becomes available as a result of disclosure by a Lender or an Affiliate of a Lender or that is or becomes a matter of general public knowledge or that has heretofore been or is hereafter published in any source generally available to the public other than as a result of a disclosure by the Borrower or Parent (or Parent's controlled Affiliates or Related Parties) in violation of this Section 12.13. The Borrower will be responsible for any failure of any Borrower Representative to comply with the provisions of this Section 12.13.

(c) Each party hereto agrees not to use the name of any other party hereto in any press release or marketing materials without the prior written consent of such other party; *provided* that the foregoing shall not apply to any documents that any party reasonably determines are required by Applicable Law to include such other party's name and to be filed with the SEC or any other Regulatory Authority so long as the disclosing party has, to the extent reasonably practicable, given such other party the opportunity to review the form and content of such proposed filing in advance.

(d) The parties hereto shall also adhere to the following requirements regarding the confidentiality and security of Obligor Information and Contract Files:

(i) Definitions:

(1) "Obligor Information" means (i) information that meets the definition of non-public personally identifiable information as defined in Title V of the Gramm-Leach-Bliley Act of 1999 and implementing regulations and (ii) any other sensitive or any personally identifiable information or records in any form (oral, written, graphic, electronic, machine-readable, or otherwise) relating to an Obligor, including, but not limited to: an Obligor's name, address, telephone number, social security number, driver's license or other government identifier, and biometric information; the fact that the Obligor has a relationship with the Servicer, the Borrower or any of their respective Affiliates; and any other data of or regarding an Obligor, the use, access or protection of which is regulated under any Privacy Requirement.

(2) "Information Security Program" means written policies and procedures adopted and maintained (i) to ensure the security and confidentiality of Obligor Information; (ii) to protect against any anticipated threats or hazards to the security or integrity of the Obligor Information; (iii) to protect against unauthorized access to or use of the Obligor Information that could result in substantial harm or inconvenience to any Obligor, (iv) to ensure the proper disposal of such Obligor Information and (v) that fully comply with the applicable provisions of the Privacy Requirements.

(3) "Privacy Requirements" means (i) Title V of the Gramm-Leach- Bliley Act, 15 U.S.C. 6801 et seq.; (ii) federal regulations implementing such act and codified at 12 CFR Parts 40, 216 and 332 and 16 C.F.R. Part 313; (iii) Interagency Guidelines Establishing Standards For Safeguarding Customer Information and codified at 12 C.F.R. Parts 30, 168, 208, 211, 225, 263, 308 and 364, and 16 C.F.R. Part 314; and (iv) other applicable federal, state and local laws, rules, regulations, and orders relating to the privacy and security of Obligor Information.

(ii) Access to Obligor Information. Notwithstanding anything to the contrary contained herein, the Borrower shall have no obligation to provide the Collateral Agent, the Administrative Agent or any Lender with Obligor Information, nor shall the Collateral Agent, the Administrative Agent nor any Affiliate thereof, request to receive any such Obligor Information; provided, however, if any Lender, the Collateral Agent or the Administrative Agent affirmatively elects in writing to receive Obligor Information for Receivables, prior to any delivery of Obligor Information, such Lender, the Collateral Agent or Administrative Agent shall provide to the Borrower evidence reasonably acceptable to the Borrower that such party has an Information Security Program reasonably acceptable to the Borrower and each such Lender, the Collateral Agent and the Administrative Agent shall maintain such information in accordance with Applicable Law.

(iii) Unauthorized Access to Obligor Information. In the event the Borrower, the Collateral Agent, the Administrative Agent or any Lender knows or reasonably believes that it has received access to Obligor Information without having so requested such access, the Borrower, the Collateral Agent, the Administrative Agent or such Lender, as applicable, shall promptly return any such Obligor Information and take reasonable precautions to maintain and safeguard the confidentiality of such Obligor Information while in the possession of the Borrower, the Collateral Agent, the Administrative Agent or such Lender, as applicable, and prior to its return.

Section 12.14 Limitation of Liability. No claim may be made by any party hereto, any of their respective Affiliates, or any other Person against any party hereto or its Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each party hereto hereby

waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 12.15 No Advisory or Fiduciary Responsibility. The Borrower acknowledges and agrees that: (i) the Transaction is an arm's-length commercial transaction between the Credit Parties, on the one hand, and the Lenders, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the Transaction; (ii) in connection with the Transaction each Lender is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary of the Borrower, any other Credit Party or any of their respective Affiliates; (iii) no Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower, any other Credit Party or any of their respective Affiliates with respect to the Transaction or the process leading thereto (irrespective of whether such Lender has advised or is currently advising any Credit Party on other matters) and no Lender has any obligation to the Borrower, any other Credit Party or any of their respective Affiliates with respect to the Transaction except the obligations expressly set forth in the Transaction Documents; (iv) each Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Credit Parties and their Affiliates and such Lender has no obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) no Lender has provided any legal, accounting, regulatory or tax advice with respect to the Transaction and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Each of the Borrower and each other Credit Party hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with the transactions contemplated by the Transaction Documents.

Section 12.16 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Transaction Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Transaction Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such

shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Transaction Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Each Lender confirms, as of the Closing Date (or, if later, the date upon which such Lender becomes a party to this Agreement) that, unless notified otherwise in writing by such Lender to the Administrative Agent and the Borrower, such Lender is not an EEA Financial Institution.

Section 12.17 Third Party Beneficiary. The parties hereto acknowledge and agree that Wilmington Trust, National Association, as Trustee, is an intended third party beneficiary of this Agreement with respect to Section 3.03 and Section 12.01.

ARTICLE XIII

THE COLLATERAL AGENT

Section 13.01 Appointment. JPMorgan Chase Bank N.A. ("JPM") is hereby appointed by the other parties hereto as the Collateral Agent, and accepts such appointment.

Section 13.02 Limitation of Liability. Notwithstanding anything contained herein to the contrary, this Agreement has been executed by JPM not in its individual capacity, but solely as the Collateral Agent, and in no event shall JPM have any liability for the representations, warranties, covenants, agreements or other obligations of the other parties hereto or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the party responsible therefor.

Section 13.03 Certain Matters Affecting the Collateral Agent. Notwithstanding anything herein to the contrary, the parties hereto agree with respect to JPM, in its capacity as the Collateral Agent, that:

(a) It undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and each of the other Transaction Documents to which it is a party. It shall not have any duties or responsibilities except those expressly set forth in this Agreement and each of the other Transaction Documents to which it is a party, nor shall it have any fiduciary obligation to any party thereto. No implied covenant or obligation shall be read into this Agreement or any of the other Transaction Documents against it. Without limiting the foregoing, following the occurrence of an Event of Default (which has not been cured or waived), the Collateral Agent shall exercise the rights and powers vested in the Collateral Agent and as specifically directed by the Administrative Agent and/or Required Lenders, as applicable, pursuant to this Agreement and each of the other Transaction Documents to which it is a party.

(b) It shall not be liable for any error of judgment made reasonably and in good faith by one or more of its officers, unless it shall be conclusively determined by the final

judgment of a court of competent jurisdiction not subject to appeal or review that it was grossly negligent in ascertaining the pertinent facts or acted with willful misconduct.

(c) It, or its officers, directors, employees or agents, shall not be liable with respect to any action taken or omitted to be taken by it reasonably and in good faith in accordance with any direction given or certificate or other document delivered to it under this Agreement. It may in good faith conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to it which conform to the requirements of this Agreement.

(d) None of the provisions of this Agreement shall require it to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(e) It may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document reasonably and in good faith believed by it to be genuine and to have been signed or presented by the proper party or parties.

(f) Whenever in the administration of the provisions of this Agreement it shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter may, in the absence of willful misconduct, gross negligence or bad faith on its part, be deemed to be conclusively proved and established by a certificate delivered to it hereunder and such certificate, in the absence of gross negligence, willful misconduct or bad faith on its part, shall be full warrant to it for any action taken, suffered or omitted by it under the provisions of this Agreement.

(g) It may consult with counsel and the advice or any opinion of counsel selected by it reasonably and in good faith shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder reasonably, in good faith and in accordance with such advice or opinion of counsel.

(h) It shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, entitlement order, approval or other paper or document.

(i) Except as provided expressly hereunder or under the other Transaction Documents to which it is party, it shall have no obligation to invest and reinvest any cash held in any of the accounts hereunder in the absence of a timely and specific written investment direction (which may include standing instructions) pursuant to the terms of this Agreement. In no event shall it be liable for the selection of investments or for investment losses incurred thereon. It shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of another party to timely provide a written investment direction pursuant to the terms of this Agreement or under the other Transaction Documents to which it is party.

(j) It may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed, except as expressly provided in Section 12.13.

(k) Any corporation or entity into which it may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which it shall be a party, or any corporation or entity succeeding to its business shall be its successor hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(l) In no event shall it be liable for special, indirect or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if it has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) In no event shall it be liable for any failure or delay in the performance of its obligations under this Agreement or any related documents because of circumstances beyond its control, including, but not limited to, a failure, termination, or suspension of a clearing house, securities depositary, settlement system or central payment system in any applicable part of the world or acts of God, flood, war (whether declared or undeclared), civil or military disturbances or hostilities, nuclear or natural catastrophes, political unrest, explosion, severe weather or accident, earthquake, terrorism, fire, riot, labor disturbances, strikes or work stoppages for any reason, embargo, government action (other than such action applicable as a result of its own creditworthiness or regulatory status), including any laws, ordinances, regulations or the like (whether domestic, federal, state, county or municipal or foreign) which delay, restrict or prohibit the providing of the services contemplated by this Agreement or any other Transaction Documents, or the unavailability of communications or computer facilities, the failure of equipment or interruption of communications or computer facilities, or the unavailability of the Federal Reserve Bank wire or other wire or communication facility, or any other causes beyond its control whether or not of the same class or kind as specified above.

(n) The rights, privileges, protections, immunities and benefits given to it under this Agreement are extended to and shall be enforceable by JPM in each of its capacities hereunder and the other Transaction Documents (including but not limited to any future or successor capacities), and each agent, custodian, co-trustee and other Person employed by it to act hereunder.

(o) The Collateral Agent shall not be charged with knowledge of any Event of Default unless a Responsible Officer of the Collateral Agent obtains actual knowledge of such event or a Responsible Officer of the Collateral Agent receives written notice of such event.

Section 13.04 Indemnification. The Borrower and the initial Servicer agree, jointly and severally, to reimburse and indemnify the Collateral Agent and its officers, directors, employees, representatives and agents from and against, and reimburse such Persons for any and

all reasonable and documented claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, injuries (to person, property, or natural resources), stamp or other similar taxes, reasonable and documented costs and expenses (including but not limited to reasonable and documented attorneys' and agents' fees and expenses of one primary firm of counsel for the Collateral Agent, and, if necessary, one local firm of counsel in each relevant jurisdiction and special counsel and, in the event of any actual or potential conflict of interest, one additional firm of counsel for each applicable Person subject to such conflict or disbursements of any kind and nature whatsoever, regardless of the merit, which may be imposed on, incurred by or demanded, claimed or asserted against such Person in any way directly or indirectly relating to or arising out of this Agreement or any other document delivered in connection herewith or the transactions contemplated hereby, or the enforcement of any of the terms hereof or of any such other documents, including without limitation all reasonable and documented costs associated with claims for damages to persons or property, and reasonable and documented attorneys' and consultants' fees and expenses and court costs, *provided*, that neither the Borrower nor the initial Servicer shall be liable for any of the foregoing to the extent arising from (v) Indemnified Taxes, (w) any Taxes (other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim), (x) indemnified amounts resulting from a dispute solely among Lenders so long as such dispute does not (i) involve a claim against the Collateral Agent and (ii) arise as a result of any action, inaction, representation or misrepresentation of, or information provided, or that was failed to be provided, by or on behalf of, any SmileDirect Entity or the Sub-Servicer, (y) Indemnified Amounts resulting from a dispute solely among one or more of the Administrative Agent, the Collateral Agent and/or the Lenders so long as (i) such dispute does not arise as a result of any action, inaction, representation or misrepresentation of, or information provided, or that was failed to be provided, by or on behalf of, any SmileDirect Entity or the Sub-Servicer and (ii) a court of competent jurisdiction has determined by a final and non-appealable judgment that the Indemnified Amounts have resulted directly and solely from the gross negligence or willful misconduct of the Collateral Agent and (z) indemnified amounts to the extent determined by a final and non-appealable judgment of a court of competent jurisdiction to have resulted directly and solely from the bad faith, gross negligence, willful misconduct or material breach in bad faith of the express obligations under this Agreement on the part of the Collateral Agent. The provisions of this Section 13.04 shall survive the termination of this Agreement or any related agreement or the earlier of the resignation or removal of the Collateral Agent. Notwithstanding the foregoing, the Collateral Agent and any other Person indemnified pursuant to this Section 13.04 shall promptly repay to the Borrower and/or the Servicer any and all amounts previously paid by the Borrower and/or the Servicer, as applicable, pursuant to the foregoing indemnification provisions to the extent such Person is found by a final, non-appealable judgment of a court of competent jurisdiction not to be entitled to indemnification hereunder as contemplated by the immediately preceding sentence. No Indemnifying Party shall, without the prior written consent of all of the foregoing indemnified persons that are party thereto (which consent shall not be unreasonably withheld, conditioned or delayed), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding for which indemnification may be sought hereunder, unless such settlement, compromise or consent includes an unconditional release of all such indemnified persons from all liability arising out of such claim, action or proceeding, and which settlement in each case must not include any admission of fault or liability adverse to any such indemnified person other than the payment of money damages by the Indemnifying Party. No

Indemnifying Party shall be liable for any settlement of any such claim, action or proceeding effectuated without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). Each such indemnified person who is not directly a party to this Agreement is an express third party beneficiary of this Agreement. In case any such claim, action or proceeding is instituted involving any such indemnified person for which indemnification is to be sought hereunder by such indemnified person, then such indemnified person will promptly notify the Indemnifying Party of the commencement of any such claim, action or proceeding; provided, however, that the failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such indemnified persons pursuant to this Section 13.04 or from any liability that it may have to such indemnified persons other than pursuant to this Section 13.04, except to the extent that the Indemnifying Party is materially prejudiced by such failure.

Section 13.05 Successors. The Collateral Agent may resign at any time by giving at least thirty (30) days' prior written notice thereof to the other parties hereto; *provided*, that no such resignation shall become effective until a successor to such Person has been appointed hereunder. The Collateral Agent may be removed at any time for cause by written notice received by such Person from the Administrative Agent or the Required Lenders. Upon any such resignation or removal, the Administrative Agent (with the consent of the Required Lenders) shall have the right to appoint a successor Collateral Agent. If no successor shall have been so appointed and shall have accepted such appointment within thirty (30) days after the exiting Person's giving notice of resignation or receipt of notice of removal, then the exiting Person may petition a court of competent jurisdiction to appoint a successor to such Person. Notwithstanding the foregoing, any successor Collateral Agent shall comply with the requirements of Section 26(a)(1) of the Investment Company Act and otherwise comply with the requirements of Section 3(a)(7)(a)(4) of the Rules promulgated under the Investment Company Act. Upon the acceptance of any appointment as the Collateral Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the exiting Collateral Agent, and the exiting Person shall be discharged from its duties and obligations hereunder; *provided*, however, that the exiting Collateral Agent shall, at the Borrower's expense, promptly execute and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent or the successor Collateral Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted to the successor Collateral Agent pursuant to this Agreement or any other Transaction Document. After any exiting Collateral Agent's resignation hereunder, the provisions of this Article XIII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Collateral Agent hereunder.

Section 13.06 Duties of the Collateral Agent. Notwithstanding anything in this Agreement to the contrary, the Collateral Agent shall not have any duty or responsibility in respect of (i) any recording, filing, or depositing of this Agreement or any other agreement or instrument, monitoring or filing any financing statement or continuation statement evidencing a security interest, the maintenance of any such recording, filing or depositing or to any re-recording, re-filing or re-depositing of any thereof, or otherwise monitoring the perfection, continuation or perfection or the sufficiency or validity of any security interest in or related to any lien or collateral. The Collateral Agent shall be deemed to have exercised reasonable care in

the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

ARTICLE XIV

THE ADMINISTRATIVE AGENT

Section 14.01 Authorization and Action. Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and, to the extent applicable, the other Transaction Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, subject to the terms hereof. The Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Transaction Documents, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties or obligations or liabilities on the part of the Administrative Agent shall be read into this Agreement or any other Transaction Document to which the Administrative Agent is a party (if any) as duties on its part to be performed or observed. The Administrative Agent shall not have or be construed to have any other duties or responsibilities in respect of this Agreement and the transactions contemplated hereby. As to any matters not expressly provided for by this Agreement or the other Transaction Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders; *provided* that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent, in its judgment, to personal liability or which is contrary to this Agreement, the other Transaction Documents or Applicable Law, or would be, in its judgment, contrary to its duties hereunder, under any other Transaction Document or under Applicable Law. Each Lender agrees that in any instance in which the Transaction Documents provide that the Administrative Agent's consent may not be unreasonably withheld, provide for the exercise of the Administrative Agent's reasonable discretion, or provide to a similar effect, it shall not in its instructions (or, by refusing to provide instruction) to the Administrative Agent withhold its consent or exercise its discretion in an unreasonable manner.

Section 14.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with due care.

Section 14.03 Agent's Reliance, Etc. (a) Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any of the other Transaction Documents, except for its or their own bad faith, gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including, without limitation, counsel for the Credit Parties or any of their Affiliates) and independent public accountants and other experts selected by it with due care and shall not be liable for any action taken or omitted to be taken in good faith by it in

accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Secured Party or any other Person and shall not be responsible to any Secured Party or any Person for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Transaction Documents by any other Person; (iii) shall not have any duty to monitor, ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, the other Transaction Documents or any related documents on the part of the Borrower or any other Person or to inspect the property (including the books and records) of the Credit Parties; (iv) shall not be responsible to any Secured Party or any other Person for the due execution (other than by it), legality, validity, enforceability, genuineness, sufficiency or value of any Collateral, this Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto or for the validity, perfection, priority or enforceability of the Liens on the Collateral; and (v) shall incur no liability under or in respect of this Agreement or any other Transaction Document by relying on, acting upon (or by refraining from action in reliance on) any notice, consent, certificate, instruction or waiver, report, statement, opinion, direction or other instrument or writing (which may be delivered by email if acceptable to it) reasonably and in good faith believed by it to be genuine and reasonably and in good faith believed by it to be signed or sent by the proper party or parties. The Administrative Agent shall not have any liability to any Credit Party, the Collateral Agent or any Lender or any other Person for any Credit Party's, the Collateral Agent's or any Lender's, as the case may be, performance of, or failure to perform, any of their respective obligations and duties under this Agreement or any other Transaction Document.

(b) The Administrative Agent shall be entitled to assume the due authority of any signatory and genuineness of any signature appearing on any instrument or document it may receive. The Administrative Agent shall not be liable for any action taken in good faith and reasonably believed by it to be within the powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action (including without limitation for refusing to exercise discretion or for withholding its consent in the absence of its receipt of, or resulting from a failure, delay or refusal on the part of the Required Lenders to provide, written instruction to exercise such discretion or grant such consent from the Required Lenders, as applicable). The Administrative Agent shall not be liable for any error of judgment made reasonably and in good faith unless it shall be proven by a court of competent jurisdiction that the Administrative Agent was grossly negligent in ascertaining the relevant facts. Nothing herein or in any Transaction Documents shall obligate the Administrative Agent to advance, expend or risk its own funds, or to take any action which in its reasonable judgment may cause it to incur any expense or financial or other liability for which it is not adequately indemnified. The Administrative Agent shall not be liable for any indirect, special or consequential damages (included but not limited to lost profits) whatsoever, even if it has been informed of the likelihood thereof and regardless of the form of action. The Administrative Agent shall not be charged with knowledge or notice of any matter unless actually known to a responsible officer of the Administrative Agent, or unless and to the extent written notice of such matter is received by the Administrative Agent at its address in accordance with Section 12.02. Any permissive grant of power to the Administrative Agent hereunder shall not be construed to be a duty to act. The Administrative Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request,

consent, entitlement order, approval or other paper or document. The Administrative Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, reasonably and in good faith, or for any reasonable, good faith mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except in the case of its willful misconduct, bad faith or grossly negligent performance or omission of its duties.

(c) The Administrative Agent shall not be responsible or liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

Section 14.04 Indemnification. Each of the Lenders (other than a Conduit Lender) agrees to indemnify and hold the Administrative Agent harmless (to the extent not reimbursed by or on behalf of the Credit Parties) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, attorneys' fees and expenses) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document, in each case, to the extent that Borrower or any Credit Party is required to and does not indemnify the Administrative Agent pursuant to the Transaction Documents; *provided* that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The rights of the Administrative Agent and obligations of the Lenders under or pursuant to this Section 14.04 shall survive the termination of this Agreement, and the earlier removal or resignation of the Administrative Agent hereunder.

Section 14.05 Successor Administrative Agent. The Administrative Agent may resign at any time by giving at least thirty (30) days' prior written notice thereof to the other parties hereto; *provided*, that no such resignation shall become effective until a successor to such Person has been appointed hereunder. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor shall have been so appointed and shall have accepted such appointment within thirty (30) days after the exiting Administrative Agent's giving notice of resignation or receipt of notice of removal, then the exiting Administrative Agent may petition a court of competent jurisdiction to appoint a successor to such Administrative Agent. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the exiting Administrative Agent, and the exiting Administrative Agent shall be discharged from its duties and obligations hereunder. After any exiting Administrative Agent's resignation hereunder, the provisions of this Article XIV shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder.

Section 14.06 Administrative Agent's Capacity as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a

Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any other Affiliate thereof as if it were not the Administrative Agent hereunder. In addition, the Lenders acknowledge that the Administrative Agent may act (i) as administrator, sponsor or agent for one or more Conduit Lenders and in such capacity act and may continue to act on behalf of each such Conduit Lender in connection with its business and (ii) as the agent for certain financial institutions under the liquidity and credit enhancement agreements relating to this Agreement to which any one or more Conduit Lenders is party and in various other capacities relating to the business of any such Conduit Lender under various agreements. The Administrative Agent, in its capacity as Administrative Agent, shall not, by virtue of its acting in any such other capacities, be deemed to have duties or responsibilities hereunder or be held to a standard of care in connection with the performance of its duties as Administrative Agent other than as expressly provided in this Agreement. The Administrative Agent may act as Administrative Agent without regard to and without additional duties or liabilities arising from its role as such administrator or agent or arising from its acting in any such other capacity. None of the provisions to this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Section 14.07 Delivery of Notices and Reports. Promptly upon receipt thereof, the Administrative Agent shall distribute all notices and reports received by it pursuant to this Agreement to each Lender at the address for such Lender specified in the related Assignment and Acceptance.

Section 14.08 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Advances, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective

investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of Advances, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Advances, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Transaction Document or any documents related hereto or thereto).

Section 14.09 Trustee Limitation of Liability. The parties hereto are put on notice and hereby acknowledge and agree that (a) this Agreement is executed and delivered by Wilmington Trust, National Association, not individually or personally but solely as Trustee of the Borrower, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Trustee and the Borrower is made and intended not as personal representations, undertakings and agreements by Wilmington Trust, National Association, but is made and intended for the purpose of binding only the Borrower, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust, National Association, individually or personally, to perform any covenant either expressed or implied contained herein of the Trustee or the Borrower, all such liability, if

any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto, (d) Wilmington Trust, National Association has made no investigation as to the accuracy or completeness of any representations and warranties made by the Trustee or the Borrower in this Agreement and (e) under no circumstances shall Wilmington Trust, National Association be personally liable for the payment of any indebtedness or expenses of the Trustee or the Borrower or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustee or the Borrower under this Agreement or any other related documents.

Section 14.10 Post-Closing Covenant. Each of the Seller and the Borrower shall cause each of (i) the Regulatory Opinion and (ii) the Back-Up Servicer Opinion to be delivered to the Administrative Agent within ten (10) Business Days of the Closing Date.

[SIGNATURES BEGIN ON FOLLOWING PAGE**]**

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SDC U.S. SMILEPAY SPV, as the Borrower

By: Wilmington Trust, National Association, not in its individual capacity, but solely as Trustee

By: _____
Name:
Title:

SMILEDIRECTCLUB, LLC, as Seller and initial Servicer

By: _____
Name:
Title:

For purposes of Section 1.06:

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Trustee

By: _____
Name:
Title:

[Signature Page to Loan and Security Agreement]

JPMORGAN CHASE BANK, N.A., as the Administrative Agent and a Committed Lender

By: _____

Name:

Title:

[Signature Page to Loan and Security Agreement]

JPMORGAN CHASE BANK, N.A., as Collateral Agent

By: _____
Name:
Title:

[Signature Page to Loan and Security Agreement]

APPENDIX A

DEFINITIONS

This is Appendix A to the Loan and Security Agreement, dated as of June 14, 2019, by and among SDC U.S. SmilePay SPV, as the Borrower, SmileDirectClub, LLC, as the Seller and the initial Servicer, the financial institutions from time to time a party thereto as Lenders, and JPMorgan Chase Bank N.A., as Collateral Agent and Administrative Agent (as amended, restated, supplemented and/or otherwise modified from time to time, the "Agreement"). Each reference in this Appendix A to any Section, the Preamble, Appendix or Exhibit refers to such Section of or Appendix, Preamble or Exhibit to this Agreement.

A. Defined Terms. As used in this Agreement, the following terms have the meanings indicated below (such definitions to be applicable to both the singular and plural forms of such terms):

"Access Dental Pledge and Security Agreement" means the pledge and security agreement, dated as of the Closing Date, between Access Dental Lab, LLC and the Collateral Agent and relating to certain intellectual property and related rights, as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time.

"Account" has the meaning set forth in Section 11.01(a).

"Account Bank" has the meaning set forth in Section 3.01.

"Account Bank Fees" means the fees payable to the Account Bank in connection with the Account Control Agreement.

"Account Control Agreement" means any account control agreement with respect to the Accounts entered into pursuant to Section 3.01.

"Adjusted Eurodollar Rate" means, on any day with respect to any Interest Period, an interest rate per annum equal to the quotient, expressed as a percentage and rounded upwards, if necessary, to the nearest six decimal places, obtained by dividing (a) the Three-Month LIBOR Rate by (b) 100% *minus* the Eurodollar Reserve Percentage.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, between the Administrator and the Borrower, as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time.

"Administrative Agent" means JPMorgan Chase Bank, N.A. and its permitted successors and assigns in such capacity.

"Administrative Agent Fees" means, for any Collection Period, (i) with respect to the initial Administrative Agent, $0 and (ii) with respect to any successor Administrative Agent, such fees as are agreed upon in a separate fee letter between such successor Administrative Agent and the Borrower, with the consent of the Required Lenders.

"Administrator" means SmileDirect and its permitted successors and assigns in such capacity under the Administration Agreement.

"Advance" has the meaning set forth in Section 1.01.

"Advance Rate" means 67.50%.

"Affected Party" means each Lender and any permitted assignee of such Lender.

"Affiliate" means when used with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with, such Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate Receivables Balance" means, with respect to any date of determination, an amount equal to the aggregate of the Principal Balance of all Receivables owned by the Borrower, other than Defaulted Receivables and Reassignment Receivables.

"Agreement" has the meaning set forth in the first paragraph of this Appendix.

"Amortization Event" has the meaning set forth in Section 8.01.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to any Credit Party from time to time concerning or relating to bribery or corruption.

"Applicable Law" means any federal, state or local constitution, statute, rule, regulation, ordinance or similar legal requirement applicable to the Contracts, the Receivables, the Advances or any party hereto, including but not limited to (i) the Federal Truth-in-Lending Act (and Regulation Z of the CFPB); (ii) the Equal Credit Opportunity Act and Regulation B of the CFPB; (iii) the Federal Trade Commission Act; (iv) all applicable state and federal securities laws; (v) all applicable licensing, disclosure and usury laws; (vi) the Privacy Requirements and all other applicable legal requirements relating to privacy and protection of information that identifies or can be used to identify individuals; (vii) the Fair Credit Reporting Act; (viii) the Electronic Signatures in Global and National Commerce Act and any other applicable laws relating to the electronic execution of documents and instruments; (ix) the Electronic Funds Transfer Act; (x) all applicable anti-money laundering laws, including, without limitation, the Patriot Act, the Bank Secrecy Act, the Foreign Assets Control Act, and the laws and regulations of the United States government that impose limitations on U.S. trade, including sanctions, rules and regulations administered by the U.S. Treasury Department's Office of Anti-Boycott Compliance and Bureau of Export Administration and the U.S. State Department's Office of Defense Trade Controls and any similar laws; (xi) the Telephone Consumer Protection Act; (xii) the Fair Debt Collection Practices Act; (xiii) the Health Insurance Portability and Accountability Act of 1996 and (xiv) all amendments to and rules and regulations promulgated under the foregoing.

"Applicable Margin" has the meaning set forth in the Fee Letter.

"Assignment and Acceptance" means an Assignment and Acceptance Agreement in substantially the form and substance of Exhibit G attached hereto.

"Authorized Officer" means, with respect to any Credit Party, any of the chief executive officer, president, chief financial officer, managing director, treasurer, comptroller, general counsel, vice president or other officer of similar or higher rank of such Credit Party, who is acting in its capacity as an officer of such Credit Party and authorized to act on behalf of such Credit Party pursuant to the Transaction Documents and who is identified on the incumbency certificate delivered by such Credit Party to the Administrative Agent on the Closing Date (as any such incumbency certificate may be modified or supplemented by such Credit Party from time to time thereafter and delivered to the Administrative Agent). For such purpose, an Authorized Officer of the Administrator or of the Trustee shall constitute an Authorized Officer of the Borrower.

"Available Funds" means, with respect to any Settlement Date, (i) all Collections on deposit in the Collection Account, (ii) all Reassignment Amounts deposited into the Collection Account during the related Collection Period, (iii) all Investment Earnings on deposit in the Collection Account and (iv) all proceeds or other amounts received by the Collateral Agent upon the exercise of such party's rights and remedies set forth in Section 8.03(d).

"Back-Up Servicer" means FTI Consulting, Inc., in its capacity as initial Back-Up Servicer under the Back-Up Servicing Agreement.

"Back-Up Servicer Opinion" means a corporate and enforceability opinion from internal counsel to the Back-Up Servicer, addressed to the Collateral Agent, the Administrative Agent and the Lenders and otherwise in form and substance reasonably acceptable to the Administrative Agent.

"Back-Up Servicer Cap" means, collectively, with respect to each calendar year and all payments made pursuant to Section 3.03 during such calendar year to the Back-Up Servicer, (A) to the extent the Back-Up Servicer has solely performed "Cold Back-Up Servicing Duties" during such calendar year under and as defined in the Back-Up Servicing Agreement, (i) $250,000 with respect to all payments made in respect of indemnification payments to the Back-Up Servicer, in its capacity as Back-Up Servicer and (ii) $8,000 (or such higher amount as may be approved by the Collateral Agent) with respect to all payments made in respect of expenses (including legal fees and expenses) and boarding fees and (B) otherwise, (i) $250,000 with respect to all payments made in respect of indemnification payments to the Back-Up Servicer, in its capacity as Back-Up Servicer, (ii) $80,000 (or such higher amount as may be approved by the Collateral Agent) with respect to all payments made in respect of transition fees, expenses (including legal fees and expenses) and boarding fees, and (iii) $250,000 with respect to all payments made in respect of indemnification payments made to the Back-Up Servicer, in its capacity as Successor Primary Servicer.

"Back-Up Servicing Agreement" means the Back-Up Servicing and Consulting Agreement, dated as of the Closing Date, between the Borrower, the Back-Up Servicer, the Servicer and the Collateral Agent.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bankruptcy Code" means 11 U.S.C. §101, et. seq., as amended from time to time, and any successor statute thereto.

"Bankruptcy Opinions" has the meaning set forth in Section 7.01(k)(xxii).

"Base Rate" means, for any day, a rate per annum determined by the Administrative Agent equal to the greater of (i) the Prime Rate and (ii) the Federal Funds Rate plus 0.50% as of such day.

"Basel III Regulation" means, with respect to any Affected Party, any rule, regulation or guideline binding upon such Affected Party and arising directly or indirectly from (a) any of the following documents prepared by the Basel Committee on Banking Supervision of the Bank of International Settlements: (i) Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring (December 2010), (ii) Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems (June 2011), (iii) Basel III: The Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools (January 2013), or (iv) any document (other than those that are merely proposed) supplementing, clarifying or otherwise relating to any of the foregoing, or (b) any accord, treaty, statute, law, rule, regulation, guideline or pronouncement (whether or not having the force of law, but excluding those that have been merely proposed) of any Regulatory Authority implementing, furthering or complementing any of the principles set forth in the foregoing documents of strengthening capital and liquidity, in each case as from time to time amended, restated, supplemented or otherwise modified. Without limiting the generality of the foregoing, "Basel III Regulation" shall include the CRR and any law, regulation, standard, guideline, directive or other publication supplementing or otherwise modifying the CRR.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"Benefit Plan Investor" means (i) any "employee benefit plan" (as defined in Section 3(3) of Title I of ERISA) that is subject to the fiduciary responsibility provisions of Title

I of ERISA, (ii) any "plan" as defined in Section 4975(e) of the Code that is subject to Section 4975 of the Code, (iii) any entity whose underlying assets include "plan assets" (within the meaning of the regulation of the United States Department of Labor at 29 C.F.R. § 2510.3-101 (as modified by Section 3(42) of ERISA)), or (iv) any plan or entity that is subject to any law that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code that would be violated by the Transactions.

"Borrower" has the meaning set forth in the Preamble.

"Borrower Representatives" has the meaning set forth in Section 12.14(b)(i).

"Borrower's Account" means the Borrower's bank account, as may be designated by the Borrower from time to time by notice to the Administrative Agent and the Lenders in writing.

"Borrowing Base" means, as of any date of determination, a dollar value equal to (a) the product of (i) the Advance Rate, times (ii) the Aggregate Receivables Balance of Eligible Receivables at such time, plus (b) the excess, if any, of (x) all amounts on deposit in the Collection Account at such time to the extent such funds have been applied to reduce the Principal Balance of any Receivables in calculating the Aggregate Receivables Balance, over (y) the amount reasonably expected to be required to be applied to pay accrued interest, expenses and fees (inclusive of Senior Servicing Compensation (to the extent not previously netted against the applicable Collections)) on the following Settlement Date pursuant to Section 3.03, minus (c) the Dilution Reserve at such time.

"Borrowing Base Certificate" means a certificate substantially in the form of Exhibit F, or such other form approved by the Administrative Agent in its discretion.

"Borrowing Base Deficiency" means, as of any date of determination, a condition that shall exist if the Loan Amount exceeds the Borrowing Base.

"Borrowing Date" means each Business Day on which an Advance is made pursuant to a Borrowing Request.

"Borrowing Request" has the meaning set forth in Section 1.02(a).

"Breakage Costs" means, with respect to a failure by the Borrower for any reason other than a breach of this Agreement by the Lender claiming indemnity therefor (a "Breaching Lender"), to borrow any proposed Advance on the date specified in a Borrowing Request (including as a result of the Borrower's failure to satisfy any conditions precedent to such borrowing), the resulting reasonable and documented out-of-pocket loss, cost or expense actually incurred by any Lender (other than a Breaching Lender), including any loss, cost or expense incurred in liquidating or employing deposits from third parties; provided, however, that (a) such Lender shall use commercially reasonable efforts to minimize such loss or expense and shall have delivered to the Borrower contemporaneously with a request for payment a certificate in reasonable detail as to the amount and computation of such loss or expense and (b) the losses, costs or expenses shall not exceed the amount such Lender would have expected to receive as interest on such Advance at the interest rate on such Advance which would have been payable by

the Borrower if the Borrower had borrowed such proposed Advance for a period from the date of the proposed Advance to the next Settlement Date.

"Business Day" means any day other than: (a) a Saturday or Sunday; (b) a legal or federal holiday; and (c) a day on which banking and savings and loan institutions in New York, New York or the State of Delaware are required or authorized by law or Regulatory Authority to be closed for business, provided, that when used with respect to the determination of any Three-Month LIBOR Rate or any notice with respect thereto, Business Day shall exclude any such day which is not also a day for trading by and between banks in Dollar deposits in the London interbank market.

"Calendar Quarter" means, with respect to a particular year, the three (3) calendar months from and including January 1st to March 31st, April 1st to June 30th, July 1st to September 30th and October 1st to December 31st.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP as in effect on December 14, 2018 (without giving effect to the future phase-in of any changes to GAAP contemplated by any amendment to GAAP adopted as of such date) and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP as in effect on December 14, 2018 (without giving effect to any such phase-in).

"Cash" means such coin or currency of the United States of America as at the time shall be legal tender for payment of all public and private debts.

"Cash Contribution" means cash contributed to the Borrower by SmileDirect which contributions (a) since the Closing Date, cannot exceed, on an aggregate basis, 5% of the highest Principal Balance of the Receivables during such period; and (b) for each Collection Period, cannot exceed 5% of the average Principal Balance of the Receivables outstanding during such Collection Period.

"Cash Equivalents" means (a) securities with maturities of ninety (90) days or less from the date of acquisition issued or fully guaranteed or insured by the U.S. federal government or any agency thereof, (b) certificates of deposit and eurodollar time deposits with maturities of ninety (90) days or less from the date of acquisition and overnight bank deposits of the Administrative Agent or of any commercial bank having capital and surplus in excess of $500,000,000, (c) repurchase obligations of the Administrative Agent or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than seven (7) days with respect to securities issued or fully guaranteed or insured by the U.S. federal government, (d) commercial paper of a domestic issuer rated at least A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's and in either case maturing within ninety (90) days after the day of acquisition, (e) securities with maturities of ninety (90) days or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state,

commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's, (f) securities with maturities of ninety (90) days or less from the date of acquisition backed by standby letters of credit issued by the Administrative Agent or any commercial bank satisfying the requirements of clause (b) of this definition or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

"Change of Control" means the occurrence of any of the following:

(a) Parent.

(i) At any time prior to a Qualifying IPO, any Person or group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission as in effect on the date hereof) (in each case, other than the Permitted Holders) acting in concert shall have acquired "beneficial ownership," directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, or control over, the Equity Interests of Parent representing fifty-one percent (51%) or more of the combined Equity Interests of Parent; or

(ii) At any time after a Qualifying IPO, any Person or group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission as in effect on the date hereof) (in each case, other than the Permitted Holders) acting in concert shall have acquired "beneficial ownership," directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, or control over, the Equity Interests of Parent representing fifty-one percent (51%) or more of the combined Equity Interests of Parent; *provided*, that a Qualifying IPO shall not constitute a "Change of Control" under this clause (a);

(b) SmileDirect. The failure of Parent to directly or indirectly through its Subsidiaries own at least 51% of the Equity Interests of SmileDirect or failure to control the majority voting power of the board of directors (or similar governing body) of SmileDirect; or

(c) Borrower. The failure of SmileDirect to directly own 100% of the Equity Interests of the Borrower free and clear of any Lien (other than Permitted Liens).

"CFPB" means the Bureau of Consumer Financial Protection, an agency of the United States.

"Charge-Off Ratio" means, for any Determination Date, the annualized percentage (based on a 360-day year of twelve 30-day months or, for the initial Determination Date, the actual number of days in the initial Collection Period) equivalent of a fraction (a) the numerator of which is the sum of the Principal Balances of all Receivables that became Defaulted Receivables during the related Collection Period, and (b) the denominator of which is the Aggregate Receivables Balance (other than Receivables that were Defaulted Receivables or

Reassignment Receivables on the first day of such Collection Period) as of the first day of such Collection Period.

"Closing Date" means June 14, 2019.

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

"Collateral" means all of the Trustee's and the Borrower's right, title and interest now or hereafter existing in, to and under the following: (i) the Receivables; (ii) the Related Assets with respect to all Receivables, (iii) all right to payment of principal, interest, fees, charges and other amounts from or on behalf of each Obligor under each Receivable; (iv) the Collection Account, the Interest Reserve Account and any other account established by the Borrower pursuant to this Agreement; (v) all funds on deposit in the accounts described in clause (iv), together with all certificates and instruments, if any, from time to time evidencing such accounts, and funds on deposit, all claims thereunder or in connection therewith, and interest, dividends, moneys, instruments, securities and other property from time to time received, receivable or otherwise distributed in respect of any or all of the foregoing; (vi) the Purchase Agreement, the Servicing Agreement, the other Transaction Documents and each other document, instrument, certificate and agreement relating to the origination, acquisition, collecting, servicing or administration of any Receivable or the transactions contemplated by the Transaction Documents (other than such right, title and interest as it relates solely to Receivables which no longer constitute part of the Collateral); (vii) all books and records (including computer tapes and disks) related to the foregoing; (viii) all other goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, money, letter-of-credit rights, commercial tort claims, securities and other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles), (ix) all Unapplied Cash and (x) all Collections and other proceeds of any and all of the foregoing; but excluding (a) funds released pursuant to Section 3.02(b) or Section 3.03, (b) Receivables reassigned or repurchased pursuant to Section 6.03 and the Related Assets, and (c) Collateral (if any) expressly released in writing by the Administrative Agent in accordance with Section 12.01.

"Collateral Agent" means JPMorgan Chase Bank, N.A. and its permitted successors and assigns in such capacity.

"Collateral Agent Fees" means, for any Collection Period, (i) with respect to the initial Collateral Agent, $0 and (ii) with respect to any successor Collateral Agent, such fees as are agreed upon in a separate fee letter between such successor Collateral Agent and the Borrower, with the consent of the Required Lenders.

"Collection Account" has the meaning set forth in Section 3.01(a).

"Collection Period" means: (i) initially, the period commencing on the Closing Date and ending on June 30, 2019 and (ii) thereafter, each calendar month.

"Collections" means, without duplication (A) with respect to a Receivable, (i) all payments on account of principal on such Receivable, including all principal prepayments; (ii)

all payments on account of interest and fees on such Receivable; (iii) all Deemed Collections, (iv) all Liquidation Proceeds; (v) any net proceeds from the Receivables and Related Assets not included in the above; and (vi) any other collections from the Receivables and Related Assets and any other amounts required to be credited to the Collection Account pursuant to the Transaction Documents and (B) the Cash Contribution.

"Collections Ratio" means, for any Determination Date, the ratio (expressed as a percentage) equivalent of a fraction (a) the numerator of which is the sum of the Collections on all Receivables, plus the Cash Contribution (if any), in each case, during the related Collection Period, and (b) the denominator of which is the Aggregate Receivables Balance as of the first day of such Collection Period.

"Commercial Paper Notes" means any short-term promissory notes issued by a Conduit Lender to fund or maintain an interest in the Loan Amount hereunder.

"Commitment" means, with respect to each Committed Lender, the dollar amount set forth in Exhibit J with respect to such Committed Lender, as such Commitment may be amended from time to time including pursuant to an Assignment and Acceptance.

"Commitment Increase Supplement" means a supplement to this Agreement substantially in the form of Exhibit B attached hereto.

"Commitment Termination Date" means the earlier of (a) the Revolving Period End Date and (b) such other date on which the Commitments are reduced to zero or otherwise terminated pursuant to the express terms hereof.

"Committed Lender" means any Person designated as a "Committed Lender" for a Conduit Lender on the signature pages hereto or in the Assignment and Acceptance pursuant to which it became a party to this Agreement.

"Competitor" means each of the entities listed on Schedule 9.01 hereto.

"Competitor Regulatory Event" means (a) the commencement by written notice by any Regulatory Authority of any inquiry or investigation (which, for the avoidance of doubt, excludes any normally scheduled or ordinary course audit, examination or inquiry by any Competitor's regulators), legal action or similar adversarial proceeding, against any Competitor or any third-party engaged by any Competitor involved in the brokering, underwriting, origination, collection or servicing of any contract or receivable challenging its authority, respectively, to broker, hold, own, pledge, service, collect or enforce any receivable or contract evidencing such receivable or otherwise alleging any material non-compliance by any such Competitor or such third-party with applicable laws related to brokering, holding, owning, pledging, collecting, servicing or enforcing such receivable or such contract related to such receivable and that would reasonably be expected to materially and adversely affect such Competitor or (b) the entry or issuance of any stay, order, judgment, cease and desist order, injunction, temporary restraining order, or other judicial or non-judicial sanction (other than the imposition of a monetary fine) against any Competitor or any third-party engaged by any Competitor involved in the brokering, underwriting, origination, collection or servicing of any receivable or contract by any Regulatory Authority related in any way to the brokering,

originating, holding, pledging, collecting, servicing or enforcing of any receivable or contract evidencing such receivable and that would reasonably be expected to materially and adversely affect such Competitor.

"Conduit Lender" means any Lender that is designated as a "Conduit Lender" on the signature pages hereto or in the Assignment and Acceptance pursuant to which it became a party to this Agreement.

"Confidential Information" means all information, including but not limited to, records, documents, technology, software, and financial and business information, or data related to a party's products (including the discovery, invention, research, improvement, development, manufacture, or sale thereof), processes, or general business operations (including sales, costs, profits, pricing methods, organization, employee or customer lists and process), whether oral or written or communicated via electronic media, disclosed or made available by one party (or its Related Party) to the other party (or its Related Party) or to which such other party (or its Related Party) is given access pursuant to this Agreement by the disclosing party, and any information obtained through access to any information assets or information systems (including computers, networks, voicemails, etc.) that if not otherwise described above is of such a nature that a reasonable person would believe it to be confidential. Confidential Information includes any information that meets the definition of non-public personally identifiable information regarding a Borrower as defined by Title V of the Gramm-Leach-Bliley Act of 1999 and implementing regulations. Confidential Information does not include information that (1) is generally available to the public other than as a result of a breach of a confidentiality obligation, (2) has become publicly known not due to the fault of the receiving party, (3) was otherwise known by or available to, the receiving party prior to entering into this Agreement without any obligations of confidentiality attached thereto or (4) becomes available to the receiving party on a non-confidential basis from a Person other than a party to this Agreement (or its Related Party) who is not known by the receiving party to be bound by a confidentiality agreement or otherwise prohibited from transmitting the information to the receiving party.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Subsidiary" means, with respect to any Person, any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or other entity, which would be consolidated with such Person for purposes of such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP.

"Contract File" has the meaning specified in the Purchase Agreement.

"Contracts" means, with respect to any Receivable, the RISC in respect of such Receivable acquired by the Borrower and/or the Trustee, which includes with respect to each such Contract all right, title and interest with respect to such Contract, as a holder of both the beneficial and legal title thereto, including (i) all Contract Files, (ii) all obligations evidenced by the Contract Files, including the right to receive payment of all amounts due thereunder, (iii) all

other rights, interests, benefits, proceeds, remedies and claims in favor or for the benefit of the holder of such Contract (or its successors or assigns) arising from or relating to such Contract, to the extent acquired by the Borrower and/or the Trustee, and (iv) all proceeds of the foregoing.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Cost of Funds Rate" means, with respect to a Conduit Lender, the interest rate per annum applicable to the Commercial Paper Notes (or any portion thereof) issued or to be issued from time to time by a Conduit Lender in order to fund its Advances hereunder, namely the rate or, if more than one rate, the weighted average of the rates, determined by converting to an interest-bearing equivalent rate per annum the discount rate (or rates) at which such Conduit Lender's Commercial Paper Notes allocated by such Conduit Lender to the funding or maintenance of Advances held by or on behalf of such Conduit Lender on that day (converted, if discount rates, to annual yield-equivalent rates on the basis of a 360-day year), including for the avoidance of doubt the commissions and charges incurred in placing (or causing to be placed) such Commercial Paper Notes and other costs associated with funding small or odd-lot amounts or otherwise associated with issuing such Commercial Paper Notes, as weighted by the portion of the Advances held by or on behalf of such Conduit Lender and funded at such rate, and expressed as a percentage of the face amount thereof and converted to an interest-bearing equivalent rate per annum.

"Credit and Collection Policies" means the Seller's and the Servicer's credit and collection policy or policies relating to Contracts and Receivables and referred to in Exhibit A to the Servicing Agreement, as any such policy may be amended, restated, replaced, supplemented and/or otherwise modified from time to time in accordance with this Agreement and the Servicing Agreement; provided, however, if the Servicer is any Person other than the initial Servicer, "Credit and Collection Policies" shall refer to the collection policies of such Servicer as they relate to receivables of a similar nature to the Receivables.

"Credit Party" means each of the Borrower, the Originators, Parent, the initial Servicer, the Seller and any Affiliate of any of the foregoing that shall be or shall become party to any of the Transaction Documents.

"Cumulative Charge-Offs" means, as of any Determination Date and with respect to any Vintage Pool, the aggregate Principal Balance of all Receivables in such Vintage Pool that became Defaulted Receivables during the related Collection Period or any prior Collection Period and remain Defaulted Receivables.

"Cumulative Dilution Amount" means, as of any Determination Date and with respect to any Vintage Pool, the aggregate amount of Dilution of all Receivables in such Vintage Pool.

"Cure Right" has the meaning set forth in Section 8.04.

"Cutoff Date" means, for any Receivable, the date such Receivable is sold and/or contributed to the Borrower pursuant to the Purchase Agreement.

"DBRS" means DBRS, Inc.

"Deemed Collections" has the meaning set forth in the Purchase Agreement.

"Defaulted Receivable" means, at any time of determination, any Receivable (a) in which any payment or part thereof remains unpaid for more than ninety (90) days after the original due date for such payment, (b) which, consistent with the Credit and Collection Policies, should be written off the Borrower's or the Servicer's books as uncollectable or (c) for which the Obligor thereon has died or is subject to any Event of Bankruptcy.

"Defaulting Lender" means any Lender, as determined by the Administrative Agent, that has (a) within three (3) Business Days of the date required to be funded or paid failed to (i) fund its Percentage of any Advance or (ii) pay over to the Administrative Agent or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) notified the Borrower, the Administrative Agent or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement states that such position is based on such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) failed, within three (3) Business Days after written request by the Administrative Agent, to provide a certification in writing from an authorized officer of such Lender that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's receipt of such certification in form and substance reasonably satisfactory to it), (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute, (e) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian, appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a direct or indirect parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment and/or (f) become the subject of a Bail-In Action; *provided*, that a Lender shall not become a Defaulting Lender solely as the result of (x) the acquisition or maintenance of an ownership interest in such Lender or a Person controlling such Lender or (y) the exercise of control over a

Lender or a Person controlling such Lender, in each case, by a governmental authority or an instrumentality thereof.

"Delinquent Receivable" means any Receivable (which is not otherwise a Defaulted Receivable) in which any payment or part thereof remains unpaid for more than thirty (30) days after the original due date for such payment.

"Determination Date" means, with respect to each Settlement Date, the date which is the third (3rd) Business Day prior to such Settlement Date.

"Dilution" means, with respect to a Receivable, the amount of any reduction or cancellation in the Principal Balance of such Receivable as a result of defective or rejected Merchandise or any other rebate or refund credited to the related Obligor.

"Dilution Reserve" means, as of any date of determination, the sum of (a) the product of (i) the applicable Dilution Reserve Percentage, times (ii) the aggregate Principal Balance of all Unseasoned Receivables, plus (b) the product of (i) the applicable Dilution Reserve Percentage, times (ii) the aggregate Principal Balance of all Seasoned Receivables, in each case as of such date of determination.

"Dilution Reserve Increase Event" means an event that shall occur if, as of any date of determination, the Vintage Pool Dilution Percentage of any Vintage Pool exceeds the applicable percentage threshold set forth under the column entitled "Dilution Reserve Increase Trigger" on Exhibit N hereto.

"Dilution Reserve Percentage" means (a) with respect to an Unseasoned Receivable, (i) if no Dilution Reserve Increase Event has occurred, 7.50% and (ii) otherwise, 10.00% and (b) with respect to a Seasoned Receivable, (i) if no Dilution Reserve Increase Event has occurred, 4.00% and (ii) otherwise, 6.00%.

"Disqualified Institution" means on any date, any Person that is a Competitor, it being understood that the Servicer, by notice to the Administrative Agent and the Lenders after the Closing Date, shall be permitted to supplement from time to time in writing the list of Persons that are Disqualified Institutions to the extent that the Persons added by such supplements are (i) primarily engaged in operations related to the dental industry and competitors of the Parent and/or any of its Subsidiaries and (ii) not banks or other financial institutions, and each such supplement shall become effective five (5) Business Days after delivery thereof to the Administrative Agent and the Lenders (unless reasonably objected to by the Administrative Agent in a written notice received by the Servicer or Borrower before such supplement becomes effective), provided that no such supplement or change in the scope of the definitions of "Competitors" or "Disqualified Institutions" shall retroactively disqualify any otherwise permitted assignment or participation pursuant to this Agreement with respect to the interests so assigned or participated.

"Disregarded Entity" means an entity that is disregarded as separate from its owner for U.S. federal income tax purposes.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Receivable" means, as of any date of determination, each Receivable that meets all of the requirements set forth on Exhibit H.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower, (ii) any partnership or other trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Borrower, (iii) any member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Borrower or (iv) any trade or business (whether or not incorporated) which, together with the Borrower, would be treated as a single employer under Section 4001 of ERISA.

"ERISA Event" means (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than an event for which the 30-day notice period is waived); (b) the determination that any Pension Plan is considered an at-risk plan or that any Multiemployer Plan is endangered or is in critical status within the meaning of Sections 430 or 432 of the Code or Sections 303 or 305 of ERISA, as applicable; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA, other than for PBGC premiums not yet due; (d) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan or the occurrence of any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (e) the appointment of a trustee to administer any Pension Plan; (f) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or

the cessation of operations by the Borrower or any ERISA Affiliate that would be treated as a withdrawal from a Pension Plan under Section 4062(e) of ERISA; (g) the partial or complete withdrawal by the Borrower or any ERISA Affiliate from any Multiemployer Plan or a notification that a Multiemployer Plan is insolvent, or (h) the taking of any action to terminate any Pension Plan under Section 4041 or 4041A of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Disruption Event" means with respect to a Lender's Percentage of the Loan Amount as to which interest accrues or is to accrue at a rate based upon the Adjusted Eurodollar Rate, (i) a determination made reasonably and in good faith by such Lender that it would be contrary to law or to the directive of any central bank or other Regulatory Authority (whether or not having the force of law) to obtain U.S. Dollars in the London interbank market to make, fund or maintain such Percentage of the Loan Amount, (ii) the inability of such Lender to obtain timely information for purposes of determining the Adjusted Eurodollar Rate, (iii) a determination made reasonably and in good faith by such Lender that the rate at which deposits of U.S. Dollars are being offered to such Lender in the London interbank market does not accurately reflect the cost to such Lender of making, funding or maintaining any portion of the Loan Amount or (iv) the inability of such Lender to obtain U.S. Dollars in the London interbank market to make, fund or maintain any portion of the Loan Amount.

"Eurodollar Reserve Percentage" means, on any day, the applicable reserve percentage (expressed as a decimal) prescribed by the Federal Reserve Board for determining reserve requirements for "Eurocurrency Liabilities" pursuant to Regulation D or any other applicable regulation of the Federal Reserve Board that prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

"Event of Bankruptcy" means an event that shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, conservator, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts and, in the case of any Person other than an Obligor or the Borrower, such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of thirty (30) consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession

by a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for, such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to authorize any of the foregoing.

"Event of Default" has the meaning set forth in Section 8.02.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender under any Transaction Document pursuant to a law in effect on the date on which (i) such Lender acquires an interest in an Advance or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.06, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.06(f) and (d) any withholding Taxes imposed under FATCA.

"Extension Agreement" has the meaning set forth in Section 1.04(a).

"Extension Deadline" has the meaning set forth in Section 1.04(a).

"Family Member" means, with respect to any individual, any other individual having a relationship by blood (to the second degree of consanguinity), marriage (including former spouses), domestic partnership (including former domestic partners) or adoption to such individual.

"Family Trust" means, with respect to any individual, trusts or other estate planning vehicles established for the benefit of such individual or Family Members of such individual and in respect of which such individual or a Family Member of such individual serves as trustee or in a similar capacity and has sole control.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Regulatory Authorities and implementing such Sections of the Code.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000th of 1.00%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (adjusted, if necessary, to the nearest 1/1000 of 1%) charged to the Administrative Agent or its Affiliates on such day on such transactions as determined by it reasonably and in good faith.

"Federal Reserve Bank of New York's Website" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any successor thereto or to the functions thereof.

"Fee Letter" means that certain fee letter, dated as of the Closing Date, by and among the Borrower, the Administrative Agent and the initial Lender.

"Final Maturity Date" means the earlier of (i) the sixth (6^{th}) Settlement Date following the Revolving Period End Date and (ii) the date (a) declared as such in accordance with the terms of this Agreement, following the occurrence (unless waived in accordance with the terms of this Agreement) of an Event of Default pursuant to Section 8.03(a) or (b) automatically determined as such pursuant to Section 8.03(b).

"Final Payout Date" means the date on which all principal of and interest on the Loan Amount shall have been paid in full, all other Secured Obligations (excluding contingent Secured Obligations for which no claim has been made) shall have been paid and satisfied in full and the Commitments have been terminated.

"Fitch" means Fitch, Inc.

"Foreign Lender" means a Lender that is not a U.S. Person.

"Fundamental Amendment" means any amendment, modification, waiver or supplement of or to this Agreement or any other Transaction Document that would (a) increase the term of this Agreement or change the Final Maturity Date, (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, (c) reduce the amount of any such payment of principal or the principal amount of any Advance, (d) reduce the rate at which interest is payable thereon (other than default interest) or any fee is payable hereunder, (e) release any material portion of the Collateral, except in connection with transactions permitted hereunder or under any Transaction Document, (f) alter the terms of Sections 8.01, 8.02, 9.01, or 12.01, (g) modify the definition of the terms "Advance Rate," "Amortization Event," "Borrowing Base," "Defaulted Receivable," "Charge-Off Ratio," "Delinquent Receivable," "Dilution Reserve," "Eligible Receivable," "Fundamental Amendment," "Program Limit," "Required Interest Reserve Amount", "Revolving Period End Date", "Required Lenders," or any

defined term used in any such definition in a manner that would change the meaning of such above-specified defined terms or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, (h) postpone the Revolving Period End Date, (i) release any Credit Party (other than any Originator for which each of the following are then satisfied: (i) no Receivables originated by such Originator are then outstanding, (ii) such Originator is not currently in default in any material respects on its obligations under any Transaction Document and (iii) no amounts are currently owing by such Originator to any Person under any Transaction Document), (j) terminate or remove the Seller's obligations to repurchase receivables or provide indemnification to the Borrower (or its assignees) pursuant to the Purchase Agreement, (k) change the currency required for payments of Obligations under this Agreement, (l) amend or waive any condition in Section 5.02 or Section 5.03, or (m) amend Article I or otherwise impose any obligation on any Lender to make any Advance. For the avoidance of doubt, any amendment or waiver with respect to any Unmatured Event of Default, any Event of Default, any Unmatured Amortization Event or any Amortization Event or the application of any default rate of interest, and any amendment or supplement entered into to effectuate an extension of the Scheduled Amortization Date pursuant to Section 1.04 or an increase of the Program Limit pursuant to Section 1.05, in each case, shall not constitute a Fundamental Amendment.

"Funding Rules" means the requirements relating to the minimum required contributions (including any installment payments) to Pension Plans and Multiemployer Plans, as applicable, and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"Guarantee" of or by any Person (the "guarantor") means, without duplication, any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such indebtedness or obligation. For the avoidance of doubt the term "Guarantee" shall not include any product warranties extended in the ordinary course of business.

"HFD" means Healthcare Finance Direct, LLC, a California limited liability company.

"Increase Date" has the meaning set forth in Section 1.05(a).

"Increasing Lender" has the meaning set forth in Section 1.05(a).

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (excluding leases), (e) all indebtedness of others secured by any mortgage, encumbrance, lien, pledge, charge or security interests of any kind on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under letters of credit and similar instruments, (h) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (i) all net obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates, in each case whether contingent or matured, (j) all obligations, contingent or otherwise, of such Person to risk participate in loans, letters or credit or other extensions of credit, including the obligation to fund a collateral or participation account or otherwise provide collateral to secure a risk participation obligation and (k) all Securitization Transaction Attributed Indebtedness. The Indebtedness of any Person shall include the indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except (other than with respect to Securitization Transaction Attributed Indebtedness) to the extent the terms of such indebtedness provide that such Person is not liable therefor.

"Indemnified Amounts" has the meaning set forth in Section 10.01(a).

"Indemnified Party" has the meaning set forth in Section 10.01(a).

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Transaction Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnifying Party" means the Borrower, pursuant to Section 10.01(a) or the Borrower and the initial Servicer, pursuant to Section 13.04, as applicable.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or any Person as to which such Defaulting Lender is, directly or indirectly, a subsidiary, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof, (e) a Disqualified Institution or (f) a Sanctioned Person.

"Intended Tax Characterization" has the meaning set forth in Section 2.05.

"Interest Period" means, with respect to each Advance, (i) initially, the period from the initial Borrowing Date to the first subsequent Settlement Date, and (ii) thereafter, each monthly period from a Settlement Date to the next succeeding Settlement Date.

"Interest Rate" means, (i) with respect to any portion of the Loan Amount funded or maintained by a Conduit Lender, at the election of such Conduit Lender, either the applicable Cost of Funds Rate or the Adjusted Eurodollar Rate with respect to the related Interest Period, and (ii) with respect to any portion of the Loan Amount funded or maintained by a Lender other than a Conduit Lender, the Adjusted Eurodollar Rate with respect to the related Interest Period; provided that at all times during the continuation of a Eurodollar Disruption Event, the Interest Rate that would otherwise have been calculated by reference to the Adjusted Eurodollar Rate shall be the Base Rate.

"Interest Reserve Account" has the meaning set forth in Section 3.01(b).

"Interest Reserve Account Draw Amount" means, with respect to any Settlement Date, the excess, if any, of (a) the Required Monthly Payments for the related Settlement Date over (b) the aggregate amount of Collections received by the Servicer during the prior Collection Period.

"Interest Reserve Deficiency" means, at any time of determination, the excess, if any, of: (a) the Required Interest Reserve Amount, *over* (b) the amount then on deposit in the Interest Reserve Account.

"Interpolated Rate" means, at any time, for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the Three-Month LIBOR Screen Rate) determined reasonably and in good faith by the Administrative Agent (which determination shall be conclusive and binding absent demonstrable error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Three-Month LIBOR Screen Rate (for the longest period for which the Three-Month LIBOR Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the Three-Month LIBOR Screen Rate for the shortest period (for which that Three-Month LIBOR Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

"Investment Company Act" has the meaning set forth in Section 6.01(p).

"Investment Earnings" means all interest and earnings (net of losses and investment expenses) accrued on funds on deposit in the Collection Account or the Interest Reserve Account.

"IP Pledge and Security Agreement" means the pledge and security agreement, dated as of the Closing Date, between SmileDirect and the Collateral Agent, as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time.

"IRS" means the United States Internal Revenue Service.

"JPM" has the meaning set forth in Section 13.01.

"Latest Vintage Pool Charged-Off Percentage" means, as of the first Determination Date after the end of any Calendar Quarter, the Vintage Pool Charged-Off Percentage with respect to the most recently originated Vintage Pool.

"Lender" means each financial institution and asset-backed commercial paper conduit listed on the signature pages hereto as a Lender or a Conduit Lender, and any other Person that becomes a party hereto pursuant to an Assignment and Acceptance in accordance with the terms hereof.

"Leverage Ratio" means, with respect to any Person, as of any date of determination, a fraction, (i) the numerator of which is an amount equal to (A) the total Indebtedness (excluding all Securitization Transaction Attributed Indebtedness) of such Person and its Consolidated Subsidiaries on such date, minus (B) an amount equal to the lesser of (I) the amount of unencumbered Cash and Cash Equivalents of such Person and its Consolidated Subsidiaries on such date and (II) $50,000,000 and (ii) the denominator of which is the Tangible Net Worth of such Person and its Consolidated Subsidiaries on such date.

"Lien" means any security interest, lien, charge, pledge or encumbrance of any kind other than tax liens, mechanics' or materialmen's liens, judicial liens and any other liens that may attach by operation of law.

"Liquidation Proceeds" means cash proceeds, if any, received in connection with any sale, liquidation, disposition or other realization of value on a Defaulted Receivable, net of any recovery fees.

"Loan Amount" at any time means the sum of (a) the aggregate amount disbursed to the Borrower by the Lenders in connection with the funding of Advances pursuant to this Agreement, less (b) any payments made by the Borrower and actually received by or on behalf of the Lenders and required to be applied to reduce the principal balance of the Advances in accordance with Section 2.03 or Section 3.03; provided, however, that if the Loan Amount shall have been reduced, pursuant to clause (b) above by any distribution, and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, the Loan Amount shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

"Location" means, with respect to any Person, the location within the meaning of Section 9-307 of the UCC as in effect in the State of New York from time to time.

"Management Services Agreement" means each amended and restated management services agreement or substantially similar agreement entered into between an Originator and the Seller, as each such agreement is amended, restated, supplemented and/or otherwise modified from time to time.

"Material Adverse Change" means the occurrence of an event or a change in circumstances that had or would reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means

(a) relative to any occurrence of whatever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding, and after taking into account insurance coverage and effective indemnification with respect to such occurrence), a material adverse effect on:

(i) the assets, business, operations, property or financial or other condition of (x) the Borrower or (y) the other Credit Parties, taken as a whole, or

(ii) the ability of any Credit Party to perform in any material respects its obligations under this Agreement or any other Transaction Document; or

(b) a material adverse effect on (i) the legality, validity, binding effect, collectability, enforceability or performance of any material portion of the Receivables or (ii) the status, perfection, enforceability or priority of the Collateral Agent's security interest in any material portion of the Receivables; or

(c) a material adverse effect on the rights and remedies of any Secured Party under the Transaction Documents or associated with its respective interest in the Collateral.

"Merchandise" means direct-to-patient plastic dental aligners and any related goods and services as are rendered to patients in connection with the sale and distribution of such aligners.

"Monthly Report" means a report signed by an Authorized Officer of the Borrower and an Authorized Officer of the Servicer, in such form as may be reasonably agreed upon from time to time by the Borrower, the Servicer and the Administrative Agent, and furnished pursuant to Section 7.02(a).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate contributes, is obligated to contribute, or has any liability.

"New Lender" has the meaning set forth in Section 1.05(b).

"New Lender Supplement" means a supplement to this Agreement substantially in the form of Exhibit C attached hereto.

"Obligations" means all obligations of every nature of the Borrower from time to time owed to the Lenders, in each case under any Transaction Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to the Borrower,

would have accrued on any Obligation, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy proceeding), fees, expenses, indemnification or otherwise under any Transaction Document.

"Obligor" means, with respect to any Receivable, the Person or Persons (including any co-borrower, co-signor or guarantor) obligated to make payments with respect to such Receivable.

"One-Month Average VantageScore" means, for any Collection Period (or, with respect to the initial Collection Period, for the calendar month of the Closing Date) and as of the last day of such period, the average VantageScore of the Obligors with respect to all of the Receivables originated during such Collection Period (or calendar month, as the case may be).

"Originator" means each "Practice" under and as defined in each Management Services Agreement.

"Origination Date" means, with respect to any Receivable, the date on which the related Contract became effective.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold an interest in any Advance or Transaction Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Parent" means SDC Financial, LLC, a Tennessee limited liability company.

"Participant" has the meaning set forth in Section 9.01(d).

"Participant Register" has the meaning set forth in Section 9.01(g).

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Percentage" means, with respect to each Lender as of any date of determination, a ratio (expressed as a percentage), the numerator of which is equal to the Commitment of such

Lender (or, if the Commitments hereunder have expired or been terminated, the then aggregate unpaid principal amount of the Advances owing to such Lender), and the denominator of which is equal to the Program Limit (or, if the Commitments hereunder have expired or been terminated, the Loan Amount), as such Percentage may be adjusted by an Assignment and Acceptance.

"Permitted Conduit Lender" means an asset-backed commercial paper conduit lender managed or administered by, or otherwise affiliated with, an assigning Conduit Lender or such Conduit Lender's Committed Lender.

"Permitted Holder" means David Katzman, Steven Katzman, Jordan Katzman, Alex Fenkell, Steve Cicurel, Nick Pyett, Jessica Cicurel, Susan Greenspon Rammelt and David Hall or, in each case, any Family Member or Family Trust thereof.

"Permitted Investments" means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form and that evidence:

(a) direct obligations of, and obligations fully guaranteed as to the full and timely payment by, the United States;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States or any state thereof or the District of Columbia (or any domestic branch of a foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities (including depository receipts issued by any such institution or trust company as custodian with respect to any obligation referred to in clause (a) above or a portion of such obligation for the benefit of the holders of such depository receipts); provided that at the time of the investment or contractual commitment to invest therein (which shall be deemed to be made again each time funds are reinvested following each Settlement Date), the commercial paper or other short-term senior unsecured debt obligations (other than such obligations the rating of which is based on the credit of a person other than such depository institution or trust company) of such depository institution or trust company shall have a credit rating from a Rating Agency in the highest investment category granted thereby;

(c) commercial paper having, at the time of the investment or contractual commitment to invest therein, a rating from S&P of "A-1" or the equivalent thereof from Moody's;

(d) any investment acquired by the Borrower by virtue of any Bail-In Action with respect to any Lender; or

(e) investments in money market funds having the highest rating category from S&P or, to the extent not rated by S&P, rated in the highest rating category by Moody's or any other Rating Agency (including funds for which the Collateral Agent or any of its Affiliates is investment manager or advisor).

"Permitted Lien" means (a) Liens under the Transaction Documents, (b) Liens arising in favor of Collateral Agent, for the benefit of itself and the other Secured Parties, (c) any

Liens of the relevant depository institution in respect of the Collection Account, the Interest Reserve Account or the Borrower's Account, including Liens in favor of any such depository institution as collecting bank arising by operation of law under Section 4-210 of the UCC and (d) Liens (subordinate to the Liens described in clauses (a) and (b) above) which are imposed by law for Taxes that are not yet due or are being contested in good faith for which adequate reserves have been established in accordance with GAAP, but only so long as foreclosure with respect to such lien is not imminent and the use and value of the property to which the liens attach are not impaired during the pendency of such proceedings.

"Permitted Policy Modifications" means any amendment, modification, waiver or supplement of the Credit and Collection Policies that (i) is required by Applicable Law, (ii) relate to the waiving, reduction or extension of the due date of any late fees, (iii) are of a clerical or ministerial nature or (iv) relates solely to receivables which were originated pursuant to a test or pilot program.

"Permitted Release" means a release of Receivables in connection with a Reassignment involving any breach of a representation or warranty.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or other entity, including any government agency, commission, board, department, bureau or instrumentality.

"Plan" means any employee benefit plan as defined in Section 3(3) of ERISA (including a Pension Plan) maintained by, contributed to by or required to be contributed to by the Borrower or with respect to which the Borrower would reasonably be expected to have any liability.

"Post-Closing Date" means the date occurring 30 days following the Closing Date.

"Prepayment Date" means any date on which the Loan Amount is prepaid in accordance with Section 2.03.

"Previous Financing Facility" means that certain Financing Agreement, dated as of February 7, 2018, among the Parent, certain Subsidiaries of the Parent party thereto, the lenders from time to time party thereto, and TCW Asset Management Company LLC, as administrative agent, as amended or modified.

"Prime Rate" means, for any date of determination, a fluctuating rate of interest per annum equal to the "Prime Rate" most recently published in the Wall Street Journal and described as "the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks."

"Principal Balance" means, with respect to any date of determination and any Receivable, the outstanding principal amount of such Receivable at such time.

"Principal Payment Amount" means, for any Settlement Date, the amount, if any, by which the Loan Amount on such Settlement Date exceeds the Borrowing Base on such Settlement Date.

"Privacy Requirements" has the meaning set forth in Section 12.14(d).

"Proceeding" has the meaning set forth in Section 10.01(b).

"Product Information" has the meaning set forth in Section 12.13(b).

"Program Limit" means $500,000,000, as such amount may be reduced from time to time pursuant to Section 1.03(c) or increased from time to time pursuant to Section 1.05.

"Program Limit Increase" has the meaning set forth in Section 1.05(a).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchase Agreement" means the Purchase and Sale Agreement, dated as of the Closing Date, between the Seller and the Borrower, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

"Qualifying IPO" means the issuance and sale by the Parent (or any direct or indirect parent of the Parent) of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act of 1933, as amended (whether alone or in connection with a secondary public offering) or in a firm commitment underwritten offering (or series of related offerings of securities to the public pursuant to a final prospectus) made pursuant to the Securities Act of 1933, as amended.

"Ramp-Up Period" means the period beginning on the Closing Date and ending on the first date on which the Loan Amount is greater than or equal to 25.00% of the Program Limit.

"Rating Agency" means any of DBRS, Fitch, Moody's or S&P.

"Reassignment" has the meaning set forth in Section 6.03 of this Agreement.

"Reassignment Amount" has the meaning set forth in Section 6.03 of this Agreement.

"Reassignment Receivable" means any Receivable subject to a Reassignment in accordance with Section 6.03 of this Agreement.

"Receivable" means the indebtedness of any Obligor under a Contract that is sold and/or contributed pursuant to the Purchase Agreement, whether constituting an account, chattel paper, an instrument, a general intangible, payment intangible, promissory note or otherwise, and shall include (i) the right to payment of such indebtedness and other obligations of such Obligor

with respect thereto (including, without limitation, the principal amount of such indebtedness, taxes, fees, expenses, late fees and returned check fees), and (ii) all proceeds of, and payments or Collections on, under or in respect of any of the foregoing.

"Recipient" means the Administrative Agent and any Lender, as applicable.

"Register" has the meaning set forth in Section 9.01(f).

"Regulatory Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions or pertaining to government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Regulatory Change" has the meaning set forth in Section 4.02(a).

"Regulatory Event" means (a) the commencement by written notice by any Regulatory Authority of any inquiry or investigation (which, for the avoidance of doubt, excludes any normally scheduled or ordinary course audit, examination or inquiry by Credit Party's regulators), legal action or similar adversarial proceeding, against any Credit Party or any third party engaged by any Credit Party involved in the brokering, underwriting, origination, collection or servicing of any Contract or Receivable challenging its authority, respectively, to broker, hold, own, pledge, service, collect or enforce any Receivable or Contract evidencing such Receivable or otherwise alleging any material non-compliance by any such Credit Party or such third party with applicable laws related to brokering, holding, owning, pledging, collecting, servicing or enforcing such Receivable or such Contract related to such Receivable and that would reasonably be expected to result in a Material Adverse Change, which inquiry, investigation, legal action or proceeding is not released or terminated in a manner reasonably acceptable to the Required Lenders; provided, however, that, in each case, upon a resolution of such action or proceeding reasonably acceptable to the Required Lenders, such Regulatory Event shall no longer exist or (b) the entry or issuance of any stay, order, judgment, cease and desist order, injunction, temporary restraining order, or other judicial or non-judicial sanction (other than the imposition of a monetary fine) against any Credit Party or any third party engaged by any Credit Party involved in the brokering, underwriting, origination, collection or servicing of any Receivable or Contract by any Regulatory Authority related in any way to the brokering, originating, holding, pledging, collecting, servicing or enforcing of any Receivable or Contract evidencing such Receivable and that would reasonably be expected to result in a Material Adverse Change; provided, further, that, in each case, upon a resolution of any action or proceeding reasonably acceptable to the Required Lenders, such Regulatory Event shall cease to exist.

"Regulatory Opinion" means a regulatory opinion from Dreher Tomkies LLP, special regulatory counsel to the SmileDirect Entities, addressed to the Collateral Agent, the Administrative Agent and the Lenders and otherwise in form and substance reasonably acceptable to the Administrative Agent.

"Related Asset" means, with respect to any Contract and Receivable: (a) all right, title and interest in and to the Contract File and all other agreements or documents that relate to such Contract or Receivable; (b) all security interests or liens and property subject thereto from time to time purporting to secure payment of such Contract or Receivable (if any); (c) all UCC financing statements covering any collateral securing payment of such Contract or Receivable (if any); (d) all Guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Contract or Receivable, (e) all rights under the Servicing Agreement, the Purchase Agreement, the Management Services Agreement any other Transaction Document and any other servicing agreements or other documents, instruments or agreements with respect to such Contract or Receivable; (f) all right to payment of principal, interest, fees, charges and other amounts from or on behalf of each Obligor under such Contract or Receivable after the applicable Cutoff Date; (g) all books and records (including computer tapes and disks) related to the foregoing; (h) all Unapplied Cash; and (i) all Collections and other proceeds of such Contract or Receivable or any and all of the foregoing.

"Related Party" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Release" has the meaning set forth in Section 3.02(b).

"Release Amount" means, as of any Release Date, subject to the terms and conditions of this Agreement, the amount selected by the Borrower to be released from the Collection Account to the Borrower on such Release Date.

"Release Conditions" has the meaning set forth in Section 3.02(b).

"Release Date" means the date of each Release.

"Release Request" has the meaning set forth in Section 3.02(b).

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Request" has the meaning set forth in Section 7.01(n)(v).

"Required Interest Reserve Amount" means, as of any date of determination, the product of (a) the sum of (i) the Adjusted Eurodollar Rate most recently determined, plus (ii) the Applicable Margin, times (b) the Aggregate Receivables Balance at such time, times (c) 30/360.

"Required Lenders" means, as of any date of determination, Lenders holding 50% or more of the Loan Amount.

"Required Collection Account Amount" means, as of any Release Date, an amount equal to the amount reasonably determined by the Borrower (unless objected to by the Administrative Agent in a written notice received by the Servicer or Borrower in advance of

such Release Date), as the amount that will be owing on the next Settlement Date under clauses *first* through *tenth* of Section 3.03(a).

"Required Monthly Payments" means, as of any Determination Date, an amount equal to (i) before the Revolving Period End Date, the amount owing on the next Settlement Date under clauses *first* through *fifth* of Section 3.03(a) and (ii) on and after the Revolving Period End Date, the amount owing on the next Settlement Date under clauses *first* through *fifth* of Section 3.03(b).

"Responsible Officer" means (a) with respect to the Borrower, any "Responsible Officer" of any Credit Party (other than any Originator), (b) with respect to SmileDirect (in any capacity) or any other Credit Party, any of the chief executive officer, president, chief financial officer, managing director, director, comptroller, general counsel, treasurer, vice president or other officer of similar or higher rank of such Person and (c) with respect to the Collateral Agent, any officer assigned to the corporate trust department (or any successor thereto), including any Vice President, Assistant Vice President, Trust Officer, any Assistant Secretary, any trust officer or any other officer of such Person customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Agreement in its capacity as Collateral Agent.

"Revolving Period" means the period commencing on the Closing Date and ending on the Revolving Period End Date.

"Revolving Period End Date" means, the earliest to occur of (a) the Scheduled Amortization Date, as such date may be extended from time to time pursuant to Section 1.04, (b) the date on which an Amortization Event has occurred pursuant to Section 8.01 (unless waived in accordance with this Agreement) and (c) the date which is six (6) months prior to the date on which the Back-Up Servicing Agreement terminates in accordance with Section 7.1 thereof, other than due to (i) any early termination of the Back-Up Servicing Agreement by the Collateral Agent under Section 7.1 thereof, or (ii) the resignation of the Back-Up Servicer pursuant to Section 7.2 of the Back-Up Servicing Agreement.

"RISC" means a retail installment sales contract.

"S&P" means S&P Global Ratings, acting through Standard & Poor's Financial Services LLC.

"Sanctioned Country" means, at any time, a country, region or territory which itself is the subject or target of any Sanctions (as of the Closing Date, Crimea, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or by the United Nations Security Council, the European Union or any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority (b) any Person operating, organized or resident in a Sanctioned Country, in each case in violation of Sanctions, or (c) any Person owned

or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"Schedule of Receivables" means a listing (which shall be in the form of an electronic data tape or other medium in each case reasonably acceptable to the Administrative Agent but, for the avoidance of doubt, not in microfiche or .pdf file) of all Receivables, including a separate delineation of all Receivables subject to a repayment, prepayment or Permitted Release on the immediately succeeding date of such repayment, prepayment or Permitted Release, as the case may be, together with such other information that is reasonably requested reasonably in advance by the Administrative Agent and is readily available to the Borrower and may be provided without undue burden or expense from time to time, as such listing may be amended, restated, supplemented and/or otherwise modified from time to time in accordance with this Agreement.

"Scheduled Amortization Date" means December 14, 2020.

"Seasoned Receivable" means, as of any date of determination, any Receivable whose Origination Date occurred more than ninety (90) days before such date of determination.

"SEC" means the United States Securities and Exchange Commission.

"Secured Obligations" has the meaning set forth in Section 1.06.

"Secured Parties" means each Lender, the Indemnified Parties and the Affected Parties, as their respective interests appear under this Agreement.

"Securitization Transaction" means any transaction or series of transactions that may be entered into by any SmileDirect Entity or any Affiliate thereof pursuant to which such Person may sell, convey or otherwise transfer, directly or indirectly, to a special-purpose entity, any interest (whether characterized as the grant of a security interest or the transfer of ownership) in any receivables and rights related thereto, whether such transaction or series of transactions constitutes a secured loan or credit facility, a true sale of assets to a special-purpose entity or other Person, or otherwise.

"Securitization Transaction Attributed Indebtedness" means the amount of obligations outstanding under the legal documents entered into as part of any Securitization Transaction on any date of determination that would be characterized as principal if such Securitization Transaction were structured as a secured lending transaction rather than as a purchase.

"Seller" means SmileDirect, in its capacity as seller under the Purchase Agreement.

"Senior Servicing Compensation" means, with respect to any Collection Period, an amount equal to the product of (i) $3.50 and (ii) the total number of scheduled payments collected from Obligors on the Receivables which are subject to the Loan Agreement during such Collection Period.

"Servicer" means SmileDirect, or any successor servicer pursuant to the Servicing Agreement.

"Servicer Error Payment" has the meaning set forth in Section 3.05.

"Servicer Termination Event" has the meaning set forth in the Servicing Agreement.

"Servicing Agreement" means the servicing agreement, dated as of the Closing Date, between the Borrower, the Servicer and the Collateral Agent with respect to the servicing of Receivables, including any successor servicing agreement, as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time.

"Servicing Compensation" has the meaning set forth in the Servicing Agreement.

"Settlement Date" means the date which is the fifteenth (15th) day of any calendar month, beginning in July 15, 2019; *provided* that if such fifteenth (15th) day is not a Business Day, the Settlement Date will be the first Business Day immediately following such fifteenth (15th) day.

"60 DPD Receivable" means any Receivable in which any payment or part thereof remains unpaid for more than sixty (60) days after the original due date for such payment.

"SmileDirect" means SmileDirectClub, LLC, a Tennessee limited liability company.

"SmileDirect Entity" means Parent, each Credit Party and each Affiliate thereof.

"SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's website.

"SOFR Adjustment" means the first alternative set forth in the order below that can be reasonably determined by the Administrative Agent as of the SOFR Replacement Date:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the replacement of the then-current Three-Month LIBOR Rate with Term SOFR at such time; and

(b) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Administrative Agent giving due consideration to any industry-

accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Three-Month LIBOR Rate with Term SOFR at such time.

"SOFR Conforming Changes" means, with respect to SOFR or Term SOFR, any technical, administrative or operational changes (including changes to the definition of "interest period", timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption of SOFR or Term SOFR in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for use of SOFR or Term SOFR exists, in such other manner as the Administrative Agent determines is reasonably necessary).

"SOFR Replacement" means the sum of: (a) Term SOFR and (b) the SOFR Adjustment; provided, however, that such rate shall be adjusted as is reasonably necessary to implement the SOFR Conforming Changes.

"SOFR Replacement Conditions" means, as of any date of determination, the satisfaction of each of the following conditions, which satisfaction shall be determined by the Administrative Agent in its reasonable discretion: (a) adequate and reasonable means exist for ascertaining the SOFR Replacement for such Interest Period, (b) the SOFR Replacement is a widely recognized benchmark rate for newly-originated loans in the United States syndicated loan market and (c) the Administrative Agent has incorporated the SOFR Replacement in securitization facilities to which it is a party and whose aggregate commitments or aggregate outstanding indebtedness are at least $3,000,000,000 in the aggregate.

"SOFR Replacement Date" means the earliest to occur of any of the events described in Section 4.04(b)(i)-(iv).

"Solvent" means, with respect to any Person at any time, a condition under which:

(a) the fair value and present fair saleable value of such Person's total assets is, on the date of determination, greater than such Person's total liabilities (including contingent and unliquidated liabilities) at such time;

(b) such Person is able to pay all of its liabilities as such liabilities are expected to mature; and

(c) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

For purposes of this definition: (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability; (ii) the "fair value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "present fair saleable value" of an asset means the amount which can

be obtained if such asset is sold with reasonable promptness in an arm's-length transaction in an existing and not theoretical market.

"Subsidiary" means, with respect to any Person, any other Person more than 50% of the outstanding voting interests of which shall at any time be owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or any similar business organization which is so owned or controlled.

"Sub-Servicer" has the meaning set forth in the Servicing Agreement.

"Sub-Servicer Account" means the account in the name of the Sub-Servicer into which and from which Collections are remitted in accordance with the terms of the Servicing Agreement.

"Sub-Servicer Account Control Agreement" means the account control agreement entered into after the Closing Date among the account bank party thereto, the Sub-Servicer, and the Collateral Agent, in form and substance reasonably satisfactory to the Collateral Agent, as the same may be amended, restated, supplemented and/or otherwise modified from time to time.

"Sub-Servicer Acknowledgment" means the sub-servicing acknowledgment, dated as of the Closing Date, between the Borrower, the Servicer, the Sub-Servicer and the Collateral Agent.

"Successor Primary Servicer" has the meaning set forth in the Servicing Agreement.

"Successor Servicer" has the meaning set forth in the Servicing Agreement.

"Tangible Net Worth" means, as of any date of determination and with respect to any Person, the excess of such Person's total assets (net of goodwill and intangible assets) over such Person's total liabilities on such date, calculated in accordance with GAAP, as reported on such Person's most recently delivered financial statements. For the avoidance of doubt, all redeemable preferred units issued by the Parent from time to time shall constitute equity interests of the Parent.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Regulatory Authority, including any interest, additions to tax or penalties applicable thereto.

"Term SOFR" means the forward-looking term rate for a period of three calendar months based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Three-Month Average VantageScore" means (i) with respect to the initial Collection Period, the One-Month Average VantageScore for the calendar month in which the Closing Date occurs, (ii) with respect to the second Collection Period, the average of the One-Month Average VantageScore for such Collection Period and the One-Month Average VantageScore determined under clause (i), (iii) with respect to the third Collection Period, the

average of the One-Month Average VantageScore for such Collection Period and each One-Month Average VantageScore determined under clauses (i) and (ii) and (iv) with respect to any Collection Period thereafter, the average of the One-Month Average VantageScores for the three (3) most recently ended Collection Periods.

"Three-Month LIBOR Rate" means, with respect to any Interest Period, the Three-Month LIBOR Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the Three-Month LIBOR Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") then the LIBOR Rate shall be the Interpolated Rate.

"Three-Month LIBOR Screen Rate" means, for any day and time, with respect to any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a three-month period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); provided that if the Three-Month LIBOR Screen Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

"Transaction" means, collectively, the terms of this Agreement and of the other Transaction Documents.

"Transaction Documents" means, collectively, each agreement listed on the closing list attached hereto as Exhibit E, including, without limitation, this Agreement, the Fee Letter, the Purchase Agreement, the Servicing Agreement, the Sub-Servicer Acknowledgment, the Back-Up Servicing Agreement, the IP Pledge and Security Agreement, the Access Dental Pledge and Security Agreement, the Administration Agreement, the Trust Agreement, the Sub-Servicer Account Control Agreement and the Management Services Agreement, as each of the foregoing may be amended, restated, supplemented or otherwise modified from time to time.

"Trust Agreement" means the Amended and Restated Trust Agreement of the Borrower, dated as of the Closing Date, among SmileDirect, the board members from time to time party thereto, and the Trustee, as it may be amended, restated, supplemented and/or otherwise modified from time to time.

"Trustee" means Wilmington Trust, National Association, not in its individual capacity but solely in its capacity as trustee under the Trust Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Unapplied Cash" means any collections with respect to a Receivable that have been received by or on behalf of the Servicer but not yet applied to reduce the outstanding Principal Balance of, or outstanding interest or other charges on, such Receivable.

"Undrawn Fee" has the meaning set forth in the Fee Letter.

"Unmatured Amortization Event" means any event which, with the giving of notice or lapse of time, or both, would become an Amortization Event.

"Unmatured Event of Default" means any event which, with the giving of notice or lapse of time, or both, would become an Event of Default.

"Unmatured Servicer Termination Event" has the meaning set forth in the Servicing Agreement.

"Unseasoned Receivable" means, as of any date of determination, any Receivable which is not a Seasoned Receivable as of such date of determination.

"Upfront Fee" has the meaning set forth in the Fee Letter.

"U.S. Dollars" means dollars in lawful money of the United States of America.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term Section 2.06(f).

"VantageScore" means, for the Obligors with respect to any cohort of Receivables as of any date of determination, the VantageScore® of such Obligors, as reported by Experian or such other nationally recognized credit bureau approved by the Administrative Agent.

"Vintage Pool" means, as of any Determination Date, the pool of Receivables originated by the Originators during any completed Calendar Quarter.

"Vintage Pool Charged-Off Percentage" means, as of any Determination Date and with respect to any Vintage Pool, the percentage calculated by *dividing* (a) the Cumulative Charge-Offs with respect to all Receivables in such Vintage Pool, *by* (b) the aggregate Principal Balance (as of the Origination Date of such Receivables) of all Receivables originated in such Vintage Pool.

"Vintage Pool Dilution Percentage" means, as of any Determination Date and with respect to any Vintage Pool, the percentage calculated by *dividing* (a) the Cumulative Dilution Amount with respect to all Receivables in such Vintage Pool *by* (b) the aggregate Principal Balance (as of the Origination Date of such Receivables) of all Receivables originated in such Vintage Pool.

"Volcker Rule" means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority

from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. Notwithstanding the foregoing, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to any change to, or modification of, GAAP which would require the capitalization of leases correctly characterized as "operating leases" as of the date of December 14, 2018 (it being understood that financial statements shall be prepared without giving effect to this sentence). All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

C. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

D. Rules of Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Transaction Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns (including any debtor-in- possession on behalf of such Person), (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Transaction Document, shall be construed to refer to such Transaction Document in its entirety and not to any particular provision thereof, (iv) all references in any Transaction Document to Articles, Sections, subsections, clauses, Exhibits and Schedules shall be construed to refer to Articles and, Sections, subsections and clauses of, and Exhibits and Schedules to, the Transaction Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions (excluding those that are merely proposed) consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties.

E. Accounting Changes.

(i) If any change in GAAP occurs after the date of this Agreement and such change results in a material variation in the method of calculation of financial covenants or other terms of this Agreement, then the Borrower, the Administrative Agent and the Lenders agree to

amend such provisions of this Agreement so as to equitably reflect such change so that the criteria for evaluating the Borrower's financial condition will be the same after such change as if such change had not occurred, and, until such amendment becomes effective, such determinations shall be made without giving effect to such change in GAAP.

(ii) Notwithstanding anything in this Agreement to the contrary, except for the purpose of preparing financial statements in accordance with GAAP, (x) the determination of whether a lease constitutes a capital or finance lease, on the one hand, or an operating lease, on the other hand, and whether obligations arising under a lease are required to be capitalized on the balance sheet of the lessee thereunder and/or recognized as interest expense, shall be determined by reference to GAAP as in effect on December 14, 2018 without giving effect to the phase-in of the effectiveness of any amendments to GAAP that have been adopted as of such date, and (y) Accounting Standards Update 2016-13 Financial Instruments- Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) shall not be given effect.

Exhibit 10.5

FORM OF SMILEDIRECTCLUB, INC.
2019 OMNIBUS INCENTIVE PLAN

(Adopted by the Board on [·], 2019; Approved by the holders of capital stock of the Company on [·], 2019; IPO Date on [·])

1. **Purposes of the Plan**. The purposes of this 2019 Omnibus Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant of an Option and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder. Restricted Stock, Restricted Stock Units and Other Awards may also be granted under the Plan.

2. **Definitions**. As used herein, the following definitions shall apply:

(a) "**Acquiror**" means any one person (within the meaning of Section 13(d) of the Exchange Act), or more than one such person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)), in each case, other than (i) the Company, (ii) any Subsidiary, Parent or Affiliate, (iii) any employee benefit plan sponsored by the Company or by any Subsidiary, Parent or Affiliate, (iv) an entity of which at least a majority of its Voting Power is owned directly or indirectly by the Company, (v) an entity owned directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of Common Stock or (vi) an entity in which the holders of at least a majority of the Voting Power of the Company outstanding immediately prior to the relevant transaction continue to hold (either by their shares remaining outstanding in the continuing entity or by their shares being converted into securities of the surviving entity or its parent entity) a majority of the total Voting Power of the Company (or the surviving entity or its parent entity) outstanding immediately after such transaction.

(b) "**Administrator**" means the Board or a Committee.

(c) "**Affiliate**" means an entity, other than a Subsidiary or Parent, which (i) is under the control of the Company, (ii) controls the Company or (iii) is, together with the Company, under the common control of a third person or entity.

(d) "**Applicable Laws**" means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal, state or local laws, any Stock Exchange rules or regulations and the applicable laws, rules or regulations of any other country or jurisdiction where Awards are granted under the Plan or Participants reside or provide services, as such laws, rules and regulations shall be in effect from time to time.

(e) "**Award**" means any award of an Option, Restricted Stock, Restricted Stock Unit or Other Award under the Plan.

(f) "**Award Agreement**" means an Option Agreement, Restricted Stock Agreement, Restricted Stock Unit Agreement or Other Award Agreement, as applicable.

(g) "**Board**" means the Board of Directors of the Company.

(h) "**Cashless Transaction**" means a program approved by the Administrator in which payment of the Option exercise price and/or Tax Withholding Obligations applicable to an Award may be satisfied, in whole or in part, with Shares subject to the Award, including by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Administrator) to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate exercise price and, if applicable, the amount necessary to satisfy the applicable Tax Withholding Obligations.

(i) "**Cause**" for termination of a Participant's Continuous Service Status will exist (unless another definition is provided in an applicable Award Agreement, employment agreement or other applicable written agreement) if the Participant's Continuous Service Status is terminated for any of the following reasons: (i) Participant's willful failure to perform his or her duties and responsibilities to the Company or Participant's violation of any written Company policy; (ii) Participant's commission of any act of fraud, embezzlement or dishonesty, or any other misconduct that has caused or is reasonably expected to result in injury to the Company (including, for the avoidance of doubt, reputational harm); (iii) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; (iv) Participant's material breach of any of his or her obligations under any written agreement or covenant with the Company, including, without limitation, any noncompetition obligation; (v) Participant's commission of a felony or other crime involving moral turpitude; or (vi) Participant's gross negligence in connection with his or her performance of services. The determination as to whether a Participant's Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time, and the term "Company" will be interpreted to include any Subsidiary, Parent, Affiliate, or any successor thereto, if appropriate.

(j) "**Change in Control**" means (i) an Acquiror acquires ownership of stock of the Company that, together with stock held by such Acquiror, constitutes more than 50% of the total fair market value or total Voting Power of the stock of the Company; (ii) any merger, consolidation or other business combination transaction of the Company with or into an Acquiror; (iii) a majority of members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of each appointment or election; or (iv) an Acquiror acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Acquiror) all or substantially all of the Company's assets. Notwithstanding anything in this Plan to the contrary, (x) subsections (i) through (iv) shall be interpreted in a manner that is consistent with the Treasury Regulations promulgated pursuant to Section 409A of the Code so that all, and only, such transactions or events that could qualify as a "change in control event" within the meaning of Treasury Regulation §1.409A-3(i)(5)(i) will be deemed to be a Change in Control for purposes of this Plan; provided, however, that such limitation shall only apply to the extent necessary to prevent any tax becoming due under Section 409A of the Code; (y) a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company's securities immediately before such transaction; and (z) that the accretion of Voting Power of the Company by an entity or person due to the conversion of High Vote Shares into Shares such that such entity or person holds more than 50% of the total Voting Power of the Company shall not constitute a Change in Control, unless such entity or person subsequently acquires ownership of additional stock of the Company that constitutes more than 2% of the total fair market value or total Voting Power of the stock of the Company in a single transaction or series of related transactions (excluding any acquisition of Shares in connection with the exercise or settlement of an Award or pursuant to a dividend reinvestment plan or the employee stock purchase plan established by the Company or a Parent or Subsidiary thereof).

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

(l) "**Committee**" means the Compensation Committee of the Board (or one or more other committees or subcommittees of the Board) appointed by the Board to administer the Plan in accordance with Section 4 hereof and consisting of one (1) or more Directors (or such greater number of Directors as shall constitute the minimum number permitted by Applicable Laws to establish a committee or sub-committee of the Board appointed for such purpose).

(m) "**Common Stock**" means the Company's Class A common stock, par value $0.0001 per share, as adjusted in accordance with Section 14 hereof.

(n) "**Company**" means SmileDirectClub, Inc., a Delaware corporation.

(o) "**Consultant**" means any person or entity, including an advisor but not an Employee, that renders, or has rendered, services to the Company, or any Parent, Subsidiary or Affiliate, and is compensated for such services, and any Director who is not an Employee, whether compensated for such services as a Director or not.

(p) "**Continuous Service Status**" means the absence of any interruption or termination of service as an Employee or Consultant (unless otherwise provided for in the applicable Award Agreement), as determined by the Administrator in good faith and subject to Applicable Laws. Subject to Applicable Laws, the Administrator shall determine whether a leave of absence, or absence in military or government service, shall constitute an interruption of Continuous Service Status; provided, however, that, (i) if an Employee is holding an Incentive Stock Option and such leave exceeds 3 months, then, for purposes of Incentive Stock Option status only, such Employee's service as an Employee shall be deemed terminated on the 1st day following such 3-month period, and the Incentive Stock Option shall thereafter automatically become a Nonstatutory Stock Option in accordance with Applicable Laws, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Company policy, and (ii) the Administrator shall not have any such discretion to the extent that the grant of such discretion would cause any tax to become due under Section 409A of the Code. Also, Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its Parents, Subsidiaries or Affiliates, or their respective successors.

(q) "**Director**" means a member of the Board.

(r) "**Disability**" means "disability" within the meaning of Section 22(e)(3) of the Code.

(s) "**Employee**" means any person employed by the Company, or any Parent, Subsidiary or Affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Administrator in its sole discretion, subject to any requirements of the Applicable Laws, including the Code. The payment by the Company of a Director's fee shall not be sufficient to constitute "employment" of such Director by the Company or any Parent, Subsidiary or Affiliate.

(t) "**Evergreen Shares**" means Shares made available for issuance under the Plan pursuant to Section 3(b) hereof.

(u) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(v) "**Fair Market Value**" means, as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any Stock Exchange or traded on any established market, the Fair Market Value of a Share will be, unless otherwise determined by the Administrator, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Administrator deems reliable; (ii) unless otherwise provided by the Administrator, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value of a Share will be the closing selling price on the last preceding date for which such quotation exists; or (iii) in the absence of such markets for the Common Stock, the Fair Market Value of a Share will be determined by the Administrator in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(w) "**Family Members**" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Participant, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons (or the Participant) have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets and any other entity in which these persons (or the Participant) own more than 50% of the voting interests.

(x) "**High Vote Shares**" means a share of the Company's Class B Common Stock, common stock, par value $0.0001 per share.

(y) "**Incentive Stock Option**" means an Option intended to, and which does, in fact, qualify as an incentive stock option within the meaning of Section 422 of the Code.

(z) "**IPO**" means the sale of certain securities of the Company to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $50,000,000 of gross proceeds to the Company.

(aa) "**IPO Date**" means the date of the closing of the IPO.

(bb) "**Nonstatutory Stock Option**" means an Option that is not intended to, or does not, in fact, qualify as an Incentive Stock Option.

(cc) "**Option**" means a stock option granted pursuant to the Plan.

(dd) "**Option Agreement**" means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of an Option granted under the Plan and includes any documents attached to or incorporated into such Option Agreement, including, but not limited to, a notice of stock option grant and a form of exercise notice.

(ee) "**Option Exchange Program**" means a program approved by the Administrator whereby outstanding Options (i) are exchanged for Options with a lower exercise price, Restricted Stock, Restricted Stock Units, Other Awards, cash or other property or (ii) are amended to decrease the exercise price as a result of a decline in the Fair Market Value of the Common Stock.

(ff) "**Optioned Stock**" means Shares that are subject to an Option or that were issued pursuant to the exercise of an Option.

(gg) "**Optionee**" means an Employee or Consultant who receives an Option.

(hh) "**Other Award**" means an award granted to a Participant pursuant to Section 11 hereof.

(ii) "**Other Award Agreement**" means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Other Awards granted under the Plan and includes any document attached to such agreement.

(jj) "**Parent**" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of grant of the Award, each of the corporations other than the Company owns stock possessing 50% or more of the total combined Voting Power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(kk) "**Participant**" means any holder of one or more Awards or Shares issued pursuant to an Award.

(ll) "**Plan**" means this 2019 Omnibus Incentive Plan.

(mm) "**Restricted Stock**" means Shares subject to restrictions that are purchased or granted pursuant to Section 10 hereof.

(nn) "**Restricted Stock Agreement**" means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock granted under the Plan and includes any documents attached to such agreement.

(oo) "**Restricted Stock Unit**" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 10 hereof. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(pp) "**Restricted Stock Unit Agreement**" means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock Units granted under the Plan and includes any document attached to such agreement.

(qq) "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.
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(rr) "**Share**" means a share of Common Stock, as adjusted in accordance with Section 14 hereof.

(ss) "**Stock Exchange**" means any stock exchange or consolidated stock price reporting system on which prices for the Common Stock are quoted at any given time.

(tt) "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of grant of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined Voting Power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(uu) "**Tax Withholding Obligations**" means any applicable U.S. federal, state, local or non-U.S. tax withholding obligations, social contributions, required deductions or other similar obligations that may arise in connection with an Award.

(vv) "**Ten Percent Holder**" means a person who owns stock representing more than 10% of the Voting Power of the stock of the Company or any Parent or Subsidiary measured as of an Award's date of grant.

(ww) "**Voting Power**" means the total combined voting power of all classes of stock (or, in the case of an entity that is not a corporation, similar equity interests) of the relevant entity determined in a manner consistent with the principles applicable to Section 409A of the Code.

3. Stock Subject to the Plan.

(a) **Available Shares**. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is [ ] Shares, of which a maximum of [ ] Shares may be issued under the Plan pursuant to Incentive Stock Options. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares. If an Award should expire or become unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unissued Shares that were subject to such Award shall, unless the Plan shall have been terminated, continue to be available under the Plan for issuance pursuant to future Awards. In addition, any Shares which are retained by the Company upon exercise of an Award in order to satisfy the exercise or purchase price for such Award or any Tax Withholding Obligations with respect to such Award shall be treated as not issued and shall continue to be available under the Plan for issuance pursuant to future Awards. Shares issued under the Plan that are later forfeited to the Company due to the failure to vest or that are repurchased by the Company at the original purchase price paid to the Company for the Shares (including, without limitation, upon forfeiture to or repurchase by the Company in connection with the termination of a Participant's Continuous Service Status) shall, in each case, again be available for future grant under the Plan. Notwithstanding the foregoing, subject to the provisions of Section 14 hereof, in no event shall the maximum aggregate number of Shares that may be issued under the Plan pursuant to Incentive Stock Options exceed the number set forth in the first sentence of this Section 3(a) plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, the Evergreen Shares. Shares covered by Awards granted pursuant to the Plan in connection with the assumption, replacement, conversion or adjustment of outstanding equity-based awards in the context of a corporate acquisition or merger (within the meaning of any applicable Stock Exchange rule) shall not count as issued under the Plan for purposes of this Section 3(a).

(b) **Evergreen Shares**. In addition, the number of Shares available for issuance under the Plan will automatically increase on the first day of each fiscal year, for a period of not more than ten years from the date the Plan is approved by the holders of capital stock of the Company, commencing on January 1 in the calendar year following the calendar year in which the IPO Date occurs and ending on (and including) January 1, 2029, in an amount equal to 5% of the total number of Shares outstanding on the last day of the calendar month prior to the date of such automatic increase. Notwithstanding the foregoing, the Board may act prior to the first day of a given fiscal year to provide that there will be no increase in the number of Shares available for issuance under the Plan for such fiscal year or that the increase in the number of Shares available for issuance under the Plan for such year will be a lesser number of Shares than would otherwise occur pursuant to the preceding sentence.

4. Administration of the Plan.

(a) **General**. The Plan shall be administered by the Board or a Committee, or a combination thereof, as determined by the Board. The Plan may be administered by different administrative bodies with respect to different classes of Participants. The Administrator may also from time to time authorize a subcommittee consisting of one or more members of the Board (including members who are employees of the Company) or employees of the Company to grant Awards to persons who are not "executive officers" of the Company (within the meaning of Rule 16a-1 under the Exchange Act) or Directors, subject to such restrictions and limitations as the Administrator may specify and to the requirements of Applicable Law.

(b) **Committee Composition**. If a Committee has been appointed pursuant to this Section 4, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. Such Committee shall consist of one (1) or more persons, each of whom qualifies as a "non-employee director" (within the meaning of Rule 16b-3) and as "independent" as required by the rules of any Stock Exchange on which the Common Stock is listed, in each case if and to the extent required by, or necessary to meet the requirements of, Applicable Law at the time of determination. From time to time the Board may increase the size of any Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies (however caused) and dissolve a Committee and thereafter directly administer the Plan, all to the extent permitted by the Applicable Laws and to the extent permitted or required by Rule 16b-3. All of the powers and responsibilities of the Committee under the Plan may be delegated by the Committee, in writing, to any subcommittee thereof, in which case the acts of such subcommittee shall be deemed to be acts of the Committee hereunder.

(c) **Powers of the Administrator**. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its sole discretion:

(i) to administer the Plan and to adopt, amend and rescind from time to time rules and regulations for the administration of the Plan;

(ii) to determine the Fair Market Value of the Common Stock in accordance with Section 2(v) hereof; provided that such determination shall be applied consistently with respect to Participants under the Plan;

(iii) to select the Employees and Consultants to whom Awards may from time to time be granted;

(iv) to determine the number of Shares to be covered by each Award (other than a cash-based Other Award), and the amount of cash to be covered by each cash-based Other Award;

(v) to approve the form(s) of Award Agreement(s) and other related documents used under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions include but are not limited to the exercise or purchase price, the time or times when Awards may vest and/or be exercised (which may be based on performance criteria), the circumstances (if any) when vesting will be accelerated or forfeiture restrictions will be waived, and any restriction or limitation regarding any Award, Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award;

(vii) to amend, waive or otherwise adjust the terms and conditions of any outstanding Award, any Award Agreement or any other agreement related to any Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award, including any amendment adjusting vesting or exercisability (e.g., in connection with a change in the terms or conditions under which such person is providing services to the Company); provided that no such amendment, waiver or adjustment shall be made that would materially and adversely affect the rights of any Participant without his or her consent; and provided, further, that the Administrator shall not have any such authority to the extent that the grant of such authority would cause any tax to become due under Section 409A of the Code;

(viii) to (A) extend the term of any Award, including, without limitation, extending the period following a termination of a Participant's Continuous Service Status during which any such Award may remain outstanding or (B) provide for the accrual of dividends or dividend equivalents with respect to any such Award; provided that the Administrator shall not have any such authority to the extent that the grant of such authority would cause any tax to become due under Section 409A of the Code; and provided, further, that no payment in respect of accrued dividends or dividend equivalents shall be made prior to the vesting of the relevant Award;

(ix) subject to Applicable Laws and Section 4(h) hereof, to implement an Option Exchange Program and establish the terms and conditions of such Option Exchange Program; provided that no amendment or adjustment to an Option that would materially and adversely affect the rights of any Optionee shall be made without his or her consent;

(x) to approve addenda pursuant to Section 4(d) hereof or to grant Awards to, or to modify the terms of any outstanding Award Agreement or any agreement related to any Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award held by, Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences;

(xi) to construe and interpret the terms of the Plan, any Award Agreement and any agreement related to any Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award, which constructions, interpretations and decisions shall be final and binding on all Participants; and

(xii) to exercise discretion to take or make any and all other actions or determinations which it determines to be necessary or advisable for the administration of the Plan.

(d) **Addenda**. The Administrator may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Employees or Consultants, which Awards may contain such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which, if so required under Applicable Laws, may deviate from the terms and conditions set forth in this Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

(e) **Delegation of Administration of the Plan**. The Administrator may delegate the administration of the Plan to one or more officers or employees of the Company, and such delegate administrator(s) may have the authority to execute and distribute Award Agreements, to maintain records

relating to Awards, to process or oversee the issuance of Common Stock under Awards, to interpret and administer the terms of Awards and to take such other actions as may be necessary or appropriate for the administration of the Plan and of Awards under the Plan; provided that in no case shall any such delegate administrator be authorized (i) to grant Awards under the Plan (except in connection with any delegation made by the Administrator pursuant to Section 4(a) hereof), (ii) to take any action inconsistent with Section 409A of the Code or (iii) to take any action inconsistent with Applicable Law. Any action by any such delegate administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Administrator and, except as otherwise specifically provided, references in this Plan to the Administrator shall include any such delegate administrator. The Administrator, and, to the extent it so provides, any subcommittee, shall have sole authority to determine whether to review any actions and/or interpretations of any such delegate administrator, and if the Administrator shall decide to conduct such a review, any such actions and/or interpretations of any such delegate administrator shall be subject to approval, disapproval or modification by the Administrator.

(f) **Indemnification**. To the maximum extent permitted by Applicable Laws, each member of the Committee (including officers of the Company, if applicable), or of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions taken in bad faith or failures to act in good faith, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit or proceeding against him or her; provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation, Certificate of Incorporation or Bylaws, by contract, as a matter of law or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

(g) **Decisions of the Administrator**. Decisions of the Administrator shall be final, binding and conclusive on all parties. For the avoidance of doubt, the Administrator may exercise all discretion granted to it under the Plan in a non-uniform manner among Participants and Awards, and the Administrator may take different actions with respect to the vested and unvested portions of an Award.

(h) **Shareholder Approval Required for Repricing**. Notwithstanding any provision of this Plan to the contrary, in no event shall (i) any repricing (within the meaning of U.S. generally accepted accounting principles or any applicable Stock Exchange rule) of Options issued under the Plan be permitted at any time under any circumstances, (ii) any new Awards be issued in substitution for outstanding Options previously granted to Participants if such action would be considered a repricing (within the meaning of U.S. generally accepted accounting principles or any applicable Stock Exchange rule) or (iii) any Option or stock appreciation right (x) have its exercise price be reduced or (y) be purchased (or otherwise "cashed out") by the Company if, on the date of such purchase, the exercise price per Share covered by such Option or stock appreciation right is less than 100% of the Fair Market Value of a Share on such date, in the case of each (i)-(iii), unless the approval of the holders of capital stock of the Company has been obtained to take such action.

5. Eligibility.

(a) **Recipients of Grants**. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units and Other Awards may be granted to Employees and Consultants, subject to Applicable Laws. Incentive Stock Options may be granted only to Employees of the Company or of a Subsidiary.

(b) **Type of Option**. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option.

(c) **ISO $100,000 Limitation**. Notwithstanding any designation under Section 5(b), to the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(c), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an Incentive Stock Option shall be determined as of the date of the grant of such Option.

(d) **No Employment Rights**. Neither the Plan nor any Award shall confer upon any Employee or Consultant any right with respect to continuation of an employment or consulting relationship with the Company (any Parent, Subsidiary or Affiliate), nor shall it interfere in any way with (i) such Employee's or Consultant's right or the Company's (Parent's, Subsidiary's or Affiliate's) right to terminate his or her employment or consulting relationship at any time, with or without cause, or (ii) the Company's right to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Award. No payment with respect to any Awards under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(e) **No Right to Awards**. No person shall have any claim or right to receive an Award hereunder. The Administrator's granting of an Award to a Participant at any time shall neither require the Administrator to grant an Award to such Participant, or to any other Participant or other person at any time, nor preclude the Administrator from making subsequent grants to such Participant or any other Participant or other person.

6. Term of Plan. The Plan shall come into existence upon its adoption by the Board and shall become effective subject to the approval of the holders of capital stock of the Company as provided in Section 25 hereof; provided, however, that no Award may be granted prior to the IPO Date. It shall continue in effect for a term of ten (10) years from its adoption by the Board unless sooner terminated under Section 17 hereof.

7. Term of Option. The term of each Option shall be the term stated in the Option Agreement; provided that the term shall be no more than ten (10) years from the date of grant thereof or such shorter term as may be provided in the Option Agreement; and provided, further, that, in the case of an Incentive Stock Option granted to a person who at the time of such grant is a Ten Percent Holder, the term of the Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Option Agreement.

8. Limitation on Grants to Non-Employee Directors. The maximum number of Shares subject to Awards (and of cash subject to cash-based Other Awards) granted under the Plan or otherwise during any one calendar year to any Director (other than a Director who is also an Employee) for service on the Board, taken together with any cash fees paid by the Company to such Director during such calendar year for service on the Board, will not exceed $750,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes); provided, however, that with respect to the first calendar year during which such a Director serves on the

Board (or, in the event such Director does not receive any Awards during such first calendar year, the second calendar year during which such a Director serves on the Board), such maximum total value shall instead be $1,500,000.

9. Options.

(a) **Exercise Price**. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be such price as is determined by the Administrator and set forth in the Option Agreement, but shall be subject to the following:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who at the time of grant is a Ten Percent Holder, the per Share exercise price shall be no less than 110% of the Fair Market Value on the date of grant; or

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value on the date of grant;

(ii) in the case of a Nonstatutory Stock Option, the per Share exercise price shall be such price as is determined by the Administrator, provided that, if the per Share exercise price is less than 100% of the Fair Market Value on the date of grant, it shall otherwise comply with all Applicable Laws, including Section 409A of the Code; and

(iii) Notwithstanding the foregoing, Options may be granted (or assumed) with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(b) **Permissible Consideration**. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option and to the extent required by Applicable Laws, shall be determined at the time of grant) and may consist entirely of (1) cash; (2) check; (3) to the extent permitted under Applicable Laws, delivery of a promissory note with such recourse, interest, security and redemption provisions as the Administrator determines to be appropriate (subject to the provisions of Section 153 of the Delaware General Corporation Law); (4) other previously owned Shares that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is exercised; (5) a Cashless Transaction; (6) such other consideration and method of payment permitted under Applicable Laws; or (7) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to

accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company, and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

(c) **Exercise of Options**.

(i) **Exercisability**. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, consistent with the terms of the Plan and reflected in the Option Agreement, including vesting criteria. Any such vesting criteria may be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, Continuous Service Status), or any other basis determined by the Administrator in its sole discretion. Each Option shall be exercisable in whole

or in part. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof.

(ii) **Minimum Exercise Requirements**. An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares or a minimum aggregate exercise price; provided that such requirement shall not prevent an Optionee from exercising the full number of Shares as to which the Option is then exercisable.

(iii) **Procedures for and Results of Exercise**. An Option shall be deemed exercised when written notice of such exercise has been received by the Company in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and the Company has received full payment for the Shares with respect to which the Option is exercised and has paid, or made arrangements to satisfy, any Tax Withholding Obligations in accordance with Section 12 hereof. The exercise of an Option shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(iv) **Rights as Holder of Capital Stock**. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 hereof.

(v) **No Obligation to Exercise**. The grant to a Participant of an Option shall impose no obligation upon such Participant to exercise such Option.

(d) **Termination of Continuous Service Status**. The Administrator shall establish and set forth in the applicable Option Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of an Optionee's Continuous Service Status, which provisions may be waived or modified by the Administrator at any time. To the extent that an Option Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of an Optionee's Continuous Service Status, the following provisions shall apply:

(i) **General Provisions**. If the Optionee (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified below, the Option shall terminate and the Optioned Stock underlying the unexercised portion of the Option shall revert to the Plan. In no event may any Option be exercised after the expiration of the Option term as set forth in the Option Agreement (and subject to Section 7 hereof).

(ii) **Termination other than Upon Disability or Death or for Cause**. In the event of termination of an Optionee's Continuous Service Status other than under the circumstances set forth in subsections (iii) through (v) below, such Optionee may exercise any outstanding Option at any time within thirty (30) days following such termination to the extent the Optionee is vested in such Option. The unvested portion of any outstanding Option held by such Optionee shall immediately terminate upon the termination of the Optionee's Continuous Service Status.

(iii) **Disability of Optionee**. In the event of termination of an Optionee's Continuous Service Status as a result of his or her Disability, such Optionee may exercise any

outstanding Option at any time within twelve (12) months following such termination to the extent the Optionee is vested in such Option. The unvested portion of any outstanding Option held by such Optionee shall immediately terminate upon the termination of the Optionee's Continuous Service Status.

(iv) **Death of Optionee**. In the event of the death of an Optionee during the period of Continuous Service Status since the date of grant of any outstanding Option, or within thirty (30) days following termination of Optionee's Continuous Service Status, the Option may be exercised by any beneficiaries designated in accordance with Section 23 hereof, or if there are no such beneficiaries, by the Optionee's estate, or by a person who acquired the right to exercise the Option by bequest or inheritance, at any time within twelve (12) months following the date of death or, if earlier, the date the Optionee's Continuous Service Status terminated, but only to the extent the Optionee is vested in such Option. The unvested portion of any outstanding Option held by such Optionee shall immediately terminate upon the termination of the Optionee's Continuous Service Status.

(v) **Termination for Cause**. In the event of termination of an Optionee's Continuous Service Status for Cause, any outstanding Option (including any vested portion thereof) held by such Optionee shall immediately terminate in its entirety upon first notification to the Optionee of termination of the Optionee's Continuous Service Status for Cause. If an Optionee's Continuous Service Status is suspended pending an investigation of whether the Optionee's Continuous Service Status will be terminated for Cause, all the Optionee's rights under any Option, including the right to exercise the Option, shall be suspended during the investigation period.

10. Restricted Stock and Restricted Stock Units.

(a) **Restricted Stock**.

(i) **Rights to Purchase or Receive**. When a right to purchase or receive Restricted Stock is granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions applicable to the offer or grant, including the number of Shares that such person shall be entitled to purchase or receive, the price to be paid, if any (which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and the time within which such person must accept such offer. The permissible consideration for Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 9(b) with respect to exercise of Options. The offer to purchase or receive Shares shall be accepted by execution of a Restricted Stock Agreement in the form determined by the Administrator.

(ii) **Vesting Terms**. The Restricted Stock shall vest at such rate or based on such criteria as the Administrator may determine. Any such vesting criteria may be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, Continuous Service Status), or any other basis determined by the Administrator in its sole discretion. Notwithstanding the foregoing, at any time after the delivery of Restricted Stock, the Administrator, in its sole discretion, may reduce or waive any applicable vesting criteria.

(iii) **Termination of Continuous Service Status**. Unless otherwise provided in the applicable Restricted Stock Agreement, in the event the Participant's Continuous Service Status is terminated for any reason (including death or Disability) prior to the vesting of a Share of Restricted Stock, such Share shall be (i) forfeited for no consideration, in the event it was

granted to the Participant, or (ii) subject to a repurchase option exercisable by the Company at the original purchase price paid by the Participant, in the event it was purchased by the Participant.

(iv) **Other Provisions**. The Restricted Stock Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Agreements need not be the same with respect to each Participant.

(v) **Rights as a Holder of Capital Stock**. Once the Restricted Stock is purchased or received, the Participant shall have the rights equivalent to those of a holder of capital stock, and shall be a record holder when his or her purchase and/or the issuance of the Shares is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is purchased or received, except as provided in Section 14 of the Plan.

(b) **Restricted Stock Units**.

(i) **Award Terms**. When Restricted Stock Units are granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions applicable to the Award, including the number of Restricted Stock Units that such person shall be entitled to receive. The offer to receive Restricted Stock Units shall be accepted by execution of a Restricted Stock Unit Agreement in the form determined by the Administrator.

(ii) **Vesting and Settlement**. The Administrator may, in its sole discretion, set vesting criteria for the Restricted Stock Units that must be met in order to be eligible to receive a payout pursuant to the Award (note that the Administrator may specify additional conditions which must also be met in order to receive a payout pursuant to the Award). Any such vesting criteria may be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, Continuous Service Status), or any other basis determined by the Administrator in its sole discretion. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any applicable vesting criteria.

(iii) **Form and Timing of Settlement**. Settlement of earned Restricted Stock Units will be made upon the date(s) determined by the Administrator and may be subject to additional conditions, if any, each as set forth in the Restricted Stock Unit Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(iv) **Other Provisions**. The Restricted Stock Unit Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Unit Agreements need not be the same with respect to each Participant.

(v) **Rights as a Holder of Capital Stock**. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) (if any), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Restricted Stock Units. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 hereof.

11. Other Awards.

(a) **General**. The Administrator may from time to time grant cash-based, equity-based or equity-related awards not otherwise described herein in such amounts and on such terms as it shall determine, subject to the terms and conditions set forth in the Plan. Without limiting the generality of the preceding sentence, each such Other Award may (i) involve the transfer of actual Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise, (ii) be subject to performance-based vesting conditions and/or multipliers and/or service-based vesting conditions, (iii) be in the form of cash, stock appreciation rights, phantom stock, performance shares, deferred share units, share-denominated performance units or other similar awards and (iv) be designed to comply with Applicable Laws of jurisdictions other than the United States; provided that each cash-based Other Award shall be denominated in cash and each equity-based or equity-related Other Award shall be denominated in, or shall have a value determined by reference to, a number of Shares, in each case that is specified (or will be determined using a formula that is specified) at the time of the grant of such Other Award.

(b) **Award Terms**. When Other Awards are granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions applicable to the Other Award. The offer to receive Other Awards shall be accepted by execution of an Other Award Agreement in the form determined by the Administrator.

(c) **Vesting, Settlement and Payment**. The Administrator may, in its sole discretion, set vesting criteria for the Other Award that must be met in order to be eligible to receive a payout pursuant to the Award (note that the Administrator may specify additional conditions which must also be met in order to receive a payout pursuant to the Award). Any such vesting criteria may be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, Continuous Service Status), or any other basis determined by the Administrator in its sole discretion. Notwithstanding the foregoing, at any time after the grant of the Other Award, the Administrator, in its sole discretion, may reduce or waive any applicable vesting criteria.

(d) **Form and Timing of Settlement or Payment**. Settlement or payment of earned Other Awards will be made upon the date(s) determined by the Administrator and may be subject to additional conditions, if any, each as set forth in the Other Award Agreement. The Administrator will settle earned cash-based Other Awards solely in cash but, in its sole discretion, may settle earned equity-based or equity related Other Awards in cash, Shares, or a combination of both.

(e) **Other Provisions**. The Other Award Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. The provisions of Other Award Agreements need not be the same with respect to each Participant.

(f) **Rights as a Holder of Capital Stock**. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) (if any), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the equity-based or equity-related Other Awards. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 hereof.

12. Taxes.

(a) As a condition of the grant, vesting and exercise or settlement of an Award, the Participant (or, in the case of the Participant's death or a permitted transferee, the person holding,

exercising or receiving the proceeds of the Award) shall make such arrangements as the Administrator may require for the satisfaction of any Tax Withholding Obligations that may arise in connection with such Award. The Company shall not be required to issue any Shares under the Plan until such obligations are satisfied.

(b) The Administrator may, in its sole discretion, permit or require a Participant (or, in the case of the Participant's death or a permitted transferee, the person holding, exercising or receiving the proceeds of the Award) to satisfy all or part of his or her Tax Withholding Obligations by remitting cash to the Company, by Cashless Transaction or by surrendering Shares (either directly or by stock attestation) that he or she previously acquired; provided that, unless specifically permitted by the Administrator (i) any Cashless Transaction must be an approved broker-assisted Cashless Transaction and the Shares withheld in the Cashless Transaction must be limited to avoid financial accounting charges under applicable accounting guidance, and (ii) any surrendered Shares must have been previously held for any minimum duration required to avoid financial accounting charges under applicable accounting guidance. Any payment of taxes by surrendering Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the Securities and Exchange Commission. In addition, upon the exercise or settlement of any Award in cash, or the making of any other payment with respect to any Award (other than in Shares), the Company shall have the right to withhold from any payment required to be made pursuant thereto an amount sufficient to satisfy any Tax Withholding Obligations attributable to such exercise, settlement or payment.

13. Non-Transferability of Awards. Unless otherwise determined by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by a Participant will not constitute a transfer. An Option may be exercised, during the lifetime of the holder of the Option, only by such holder or a transferee permitted by this Section 13. Upon the death of a Participant, outstanding Awards granted to such Participant may be exercised only by the executors or administrators of the Participant's estate, by any person or persons who shall have acquired such right to exercise by will or by the laws of descent and distribution or by another transferee permitted by the Administrator pursuant to this Section 13. No transfer by will, the laws of descent and distribution or otherwise of any Award, or of the right to exercise any Award, shall be effective to bind the Company unless (a) the Administrator shall have been furnished with written notice thereof and with a copy of the will and/or such evidence as the Administrator may deem necessary to establish the validity of the transfer, (b) if the transfer was other than by will or by the laws of descent or distribution, the Administrator has provided its written consent to such transfer, and (c) the Administrator shall have been furnished with an agreement by the transferee to comply with all the terms and conditions of the Award that are or would have been applicable to the Participant, to be bound by the acknowledgements made by the Participant in connection with the grant of the Award and, if the transfer was other than by will or by the laws of descent or distribution, to be bound by any additional conditions the Administrator may, in its sole discretion, impose. For the avoidance of doubt, to the extent an unvested Award is transferred, the Continuous Service Status of the Participant will continue to determine, without limitation, the vesting and exercisability of such Award, to the same extent that the Continuous Service Status of the Participant would have done so had the Participant continued to directly hold such Award.

14. Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions.

(a) **Changes in Capitalization**. Subject to any action required under Applicable Laws by the holders of capital stock of the Company, (i) the numbers and class (or type) of Shares, units representing Shares, or other stock or securities: (x) available for future Awards (including pursuant to Incentive Stock Options) under Section 3 hereof and (y) covered by each outstanding Award, (ii) the price

per Share covered by each such outstanding Option, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, shall be proportionately adjusted (or substituted) by the Administrator in the event of a stock split, reverse stock split, stock dividend, combination, consolidation, recapitalization (including a recapitalization through a large nonrecurring cash dividend) or reclassification of the Shares, subdivision of the Shares, exchange of the Shares, a rights offering, a reorganization, merger, spin-off, split-up, change in corporate structure, other increase or decrease in the number of Shares or other similar occurrence. Any adjustment by the Administrator pursuant to this Section 14(a) shall be made in the Administrator's sole discretion and shall be final, binding and conclusive. Except as expressly provided herein, (I) no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to, or the terms related to, an Award, and (II) no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividends or dividend equivalents, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of the Company or any other corporation. If, by reason of a transaction described in this Section 14(a) or an adjustment pursuant to this Section 14(a), a Participant's Award Agreement or agreement related to any Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award covers additional or different shares of stock or securities (or units representing additional or different shares of stock or securities), then such additional or different shares (and the units representing such additional or different shares), and the Award Agreement or agreement related to the Optioned Stock, Restricted Stock, Restricted Stock Unit or Share underlying an Other Award in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award, Optioned Stock, Restricted Stock, Restricted Stock Units or Shares underlying an Other Award prior to such adjustment.

(b) **Dissolution or Liquidation**. In the event of the dissolution or liquidation of the Company, each Award will terminate immediately prior to the consummation of such action, unless otherwise determined by the Administrator.

(c) **Corporate Transactions**. In the event of (i) a transfer of all or substantially all of the Company's assets, (ii) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, entity or person, or (iii) the consummation of a transaction, or series of related transactions, in which any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 50% of the total Voting Power of the Company, except where such "person" accretes Voting Power of the Company due to the conversion of High Vote Shares into Shares such that such "person" holds more than 50% of the total Voting Power of the Company, unless such "person" subsequently acquires ownership of additional stock of the Company that constitutes more than 2% of the total fair market value or total Voting Power of the stock of the Company in a single transaction or series of related transactions (excluding any acquisition of Shares in connection with the exercise or settlement of an Award or pursuant to a dividend reinvestment plan or the employee stock purchase plan established by the Company or a Parent or Subsidiary thereof) (each transaction set forth in clauses (i) through (iii) hereof, a "**Corporate Transaction**"), each outstanding Award (vested or unvested) will be treated as the Administrator determines, which determination may be made without the consent of any Participant and need not treat all outstanding Awards (or portion thereof) in an identical manner. Such determination, without the consent of any Participant, may provide (without limitation) for one or more of the following in the event of a Corporate Transaction: (A) the continuation of such outstanding Awards by the Company (if the Company is the surviving corporation); (B) the assumption of such outstanding Awards by the surviving corporation or its parent; (C) the substitution by the surviving corporation or its parent of new options or equity awards for such Awards; (D) the cancellation of such Awards in exchange for a payment to the Participants equal to

the excess (if any) of (1) the Fair Market Value of the Shares subject to such Awards as of the closing date of such Corporate Transaction (which may, for this purpose, be determined by reference to the value, as determined by the Administrator, of the property (including cash) received by the holder of a Share as a result of such Corporate Transaction) over (2) the exercise price or purchase price paid or to be paid for the Shares subject to the Awards (if any); or (E) the cancellation of any outstanding Awards for no consideration.

(d) **Savings Clause**. No provision of this Section 14 shall be given effect to the extent that such provision would cause any tax to become due under Section 409A of the Code. Furthermore, no provision of this Section 14 shall be given effect to the extent such provision would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act.

15. Change in Control. The consequences of a Change in Control, if any, with respect to an Award will be set forth in the applicable Award Agreement.

16. Time of Granting of Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such other date as is determined by the Administrator.

17. Amendment and Termination of the Plan. The Board may at any time amend or terminate the Plan, but no amendment or termination (other than an adjustment pursuant to Section 14 hereof) shall be made that would materially and adversely affect the rights of any Participant under any outstanding Award, without his or her consent. The preceding sentence shall not restrict the Administrator's ability to exercise its discretionary authority hereunder, which discretion may be exercised without amendment to the Plan. No provision of this Section 17 shall be given effect to the extent that such provision would cause any tax to become due under Section 409A of the Code. In addition, to the extent necessary and desirable to comply with the Applicable Laws, the Company shall obtain the approval of holders of capital stock with respect to any Plan amendment in such a manner and to such a degree as required.

18. Recoupment. Notwithstanding anything in the Plan or in any Award Agreement to the contrary, the Company will be entitled to the extent permitted or required by Applicable Law, Company policy and/or the requirements of a Stock Exchange on which the Shares are listed for trading, in each case, as in effect from time to time, to recoup compensation of whatever kind paid by the Company at any time to a Participant under this Plan. No such recoupment of compensation will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement between any Participant and the Company.

19. Changes in Status & Leaves of Absence. The Administrator shall have the discretion to determine (whether by establishing a policy applicable to the treatment of any or all Awards in such circumstances, or by making an individualized determination) at any time whether and to what extent any tolling, reduction, vesting-extension, forfeiture or other treatment should be applied to an Award in connection with a Participant's leave of absence or a change in a Participant's regular level of time commitment to the Company (e.g., in connection with a change from full-time to part-time status); provided, however, that the Administrator shall not have any such discretion (whether pursuant to a policy or specific determination) to the extent that the grant of such discretion would cause any tax to become due under Section 409A of the Code; and provided, further, that in the absence of a determination to the contrary by the Administrator, vesting shall continue during any paid leave and shall be tolled during any unpaid leave (in all cases, unless otherwise required by Applicable Laws). In the event of any such tolling, forfeiture, reduction or extension, the Participant shall have no right to the portion of the

Award so tolled, forfeited, reduced or extended (except for the right that remains, if any, after the application of such action).

20. **Failure to Comply**. In addition to the remedies of the Company elsewhere provided for herein, failure by a Participant to comply with any of the terms and conditions of the Plan or any Award Agreement, unless such failure is remedied by such Participant within ten days after having been notified of such failure by the Administrator, shall be grounds for the cancellation and forfeiture of such Award, in whole or in part, as the Administrator, in its sole discretion, may determine.

21. **Conditions Upon Issuance of Shares; Securities Matters**. The Company shall be under no obligation to affect the registration pursuant to the Securities Act of 1933, as amended, of any Shares to be issued hereunder or to effect similar compliance under any state, local or non-U.S. laws. Notwithstanding any other provision of the Plan or any Award Agreement, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the Plan unless such issuance or delivery would comply with the Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. The Administrator may require, as a condition to the issuance of Shares pursuant to the terms hereof, that the recipient of such Shares make such covenants, agreements and representations, and that any related certificates representing such Shares bear such legends, as the Administrator, in its sole discretion, deems necessary or desirable. The exercise or settlement of any Award granted hereunder shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of Shares pursuant to such exercise or settlement is in compliance with all Applicable Laws. The Company may, in its sole discretion, defer the effectiveness of any exercise or settlement of an Award granted hereunder in order to allow the issuance of Shares pursuant thereto to be made pursuant to registration or an exemption from registration or other methods for compliance available under U.S. federal, state, local or non-U.S. securities laws. The Company shall inform the Participant in writing of its decision to defer the effectiveness of the exercise or settlement of an Award granted hereunder. During the period that the effectiveness of the exercise of an Award has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

22. **Section 409A**.

(a) Unless otherwise expressly provided for in an Award Agreement, the Plan and each Award Agreement will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Administrator determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the Shares are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(b) With respect to any Award that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code, termination of a Participant's Continuous Service Status shall mean a separation from service within the meaning of Section 409A of the Code, unless the Participant was an Employee immediately prior to such termination and is then contemporaneously retained as a Consultant pursuant to a written agreement and such agreement provides otherwise. The Continuous Service Status of a Participant shall be deemed to have terminated for all purposes of the Plan if such person is employed by or provides services to Subsidiary and such Subsidiary ceases to be a Subsidiary, unless the Administrator determines otherwise. To the extent permitted by Section 409A of the Code, a Participant who ceases to be an Employee of the Company but continues, or simultaneously commences, services as a Director of the Company shall be deemed to have had a termination of Continuous Service Status for purposes of the Plan.

23. **Beneficiaries**. Unless stated otherwise in an Award agreement, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then, after a Participant's death, any vested Award(s) shall be transferred or distributed to the Participant's estate.

24. **Expenses and Receipts**. The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Award will be used for general corporate purposes.

25. **Approval of Holders of Capital Stock**. If required by the Applicable Laws, continuance of the Plan shall be subject to approval by the holders of capital stock of the Company within twelve (12) months before or after the date the Plan is adopted by the Board or, to the extent required by Applicable Laws, any date the Plan is amended. Such approval shall be obtained in the manner and to the degree required under the Applicable Laws.

26. **Corporate Action Constituting Grant of Awards**. Corporate action constituting a grant by the Company of an Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Administrator, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of Shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the preparation of the Award Agreement or related grant documentation, the corporate records will control, and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documentation.

27. **Severability**. If all or any part of this Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Plan not declared to be unlawful or invalid. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

28. **Governing Law**. The Plan and the rights of all persons under the Plan shall be construed and administered in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

29. **Headings**. The headings in this Plan are included solely for convenience of reference and if there is any conflict between such headings and the text of this Plan, the text shall control.

Exhibit 10.6

FORM OF SMILEDIRECTCLUB, INC.
2019 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the 2019 Employee Stock Purchase Plan of SmileDirectClub, Inc.

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code. However, the Company may grant options pursuant to one or more offerings under the Plan that are not intended to meet the requirements of Code Section 423.

The Plan was adopted by the Board on [·], 2019, subject to stockholder approval at the 2019 Annual Stockholders Meeting. The Plan shall become effective with the Offering Period commencing on October 16, 2019.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the Class A Common Stock of the Company.

(d) "Company" shall mean SmileDirectClub, Inc., a Delaware corporation.

(e) "Compensation" shall mean the (i) base salary payable to an Employee by the Company or one or more Designated Subsidiaries during such individual's period of participation in one or more offerings under the Plan plus (ii) all overtime payments, bonuses, commissions, current profit-sharing distributions and other incentive-type payments received during such period. Such Compensation shall be calculated before deduction of (A) any income, employment or other tax withholdings or (B) any pre-tax contributions made by the Employee to any Code Section 401(k) salary deferral plan or any Code Section 125 cafeteria benefit program now or hereafter established by the Company or any Subsidiary. However, Compensation shall **not** include any contributions (other than Code Section 401(k) or Code Section 125 contributions deducted from such Compensation) made by the Company or any Subsidiary on the Employee's behalf to any employee benefit or welfare plan now or hereafter established. The Plan Administrator may make modifications to the definition of Compensation for one or more offerings as deemed appropriate.

(f) "Designated Subsidiaries" shall mean all Subsidiaries of the Company (unless otherwise specified by the Plan Administrator from time to time in its sole discretion).

(g) "Employee" shall mean any individual who is a regular employee of the Company or a Designated Subsidiary, excluding those individuals who (i) have not been regular employees of the Company or a Designated Subsidiary for, at least, six (6) months prior to the Offering Period, (ii) are customarily employed twenty (20) hours or less per week, and (iii) are customarily employed not more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of

absence approved by the Company. Unless otherwise determined by the Plan Administrator and set forth in the applicable offering, where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the 1st day following the expiration of such three (3)-month period.

(h) "Enrollment Date" shall mean the first day of each Offering Period.

(i) "Exercise Date" shall mean the last Trading Day in each Offering Period.

(j) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such stock as reported by the National Association of Securities Dealers (if primarily traded on the NASDAQ Global Select Market) or as quoted in the composite tape of transactions on any other stock exchange (with the greatest volume of trading in Common Stock) at the end of regular hours trading on the day of such determination (or if no closing price was reported on that day, on the last preceding Trading Day such closing price was reported), as reported in the Wall Street Journal or such other source as the Plan Administrator deems reliable, or;

(ii) If the Common Stock is quoted on the NASDAQ system (but not on the National Market System thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high and low asked prices for the Common Stock at the end of regular hours trading on the day of such determination (or if no such prices were reported on that day, on the last preceding Trading Day such prices were reported), as reported in the Wall Street Journal or such other source as the Plan Administrator deems reliable, or;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(k) "Offering Period" shall mean the period of approximately six (6) months as set forth in paragraph 5.

(l) "Plan" shall mean this 2019 Employee Stock Purchase Plan.

(m) "Plan Administrator" shall mean the Board or a committee of the Board appointed by the Board to administer the Plan in accordance with paragraph 14.

(n) "Purchase Price" shall mean an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided, however, the Plan Administrator may establish a higher price for one or more offerings under the Plan.

(o) "Reserves" shall mean the number of shares of Common Stock covered by the options under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(p) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the total combined voting power of all classes of stock are held by the Company or a

Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

(q) "Trading Day" shall mean a day on which national stock exchanges and the National Association of Securities Dealers Automated Quotation (NASDAQ) System are open for trading.

3. Eligibility.

(a) Options may be granted only to Employees. Unless otherwise determined by the Plan Administrator for an offering, any Employee, as defined in paragraph 2, who has been continuously employed by the Company for at least six (6) months and who shall be employed by the Company on the Enrollment Date for an Offering Period shall be eligible to participate in the Plan for such Offering Period.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (and any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary of the Company, or (ii) which permits his or her rights to purchase stock under all employee stock purchase plans (within the meaning of Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) worth of stock (determined at the Fair Market Value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offerings. The Plan shall be implemented through one or more offerings. Offerings may be consecutive or overlapping. Each offering shall be in such form and shall contain such terms and conditions as the Plan Administrator shall deem appropriate. The terms of separate offerings need not be identical; provided, however, that each offering shall comply with the provisions of the Plan and the participants in each offering shall have equal rights and privileges under that offering in accordance with the requirements of Section 423(b)(5) of the Code and the applicable regulations thereunder.

5. Offering Periods. Each offering shall be implemented by consecutive Offering Periods. Each Offering Period shall be for a period of approximately six (6) months and a new Offering Period shall commence on the first Trading Day of the six (6)-month period commencing on April 15 and October 16 of each year and end on the last Trading Day of such six (6)-month period, respectively. The first Offering Period shall commence on October 16, 2019 and end on April 15, 2020.

6. Participation.

(a) An eligible Employee may become a participant in the Plan by accessing the website designated by the Company and electronically enrolling in an Offering Period or by submitting an enrollment agreement (in such form as the Company may provide) authorizing payroll deductions at least one (1) day prior to the applicable Enrollment Date, unless an earlier or later time for enrolling is set by the Plan Administrator for all eligible Employees with respect to a given offering or Offering Period.

(b) The Plan Administrator may permit Employees in one or more offerings to contribute to the Plan by means other than payroll deductions.

7. Payroll Deductions.

(a) At the time a participant enrolls in an Offering Period, he or she shall elect to have payroll deductions made during the Offering Period pursuant to such procedures as the Plan Administrator may specify from time to time and in an amount between one (1%) and thirty percent (30%) of the Compensation which he or she receives during the Offering Period.

(b) Payroll deductions for a participant shall commence on the first payroll period following the Enrollment Date and shall end on the last payroll period in the Offering Period, unless sooner terminated by the participant as provided in paragraph 11.

(c) All payroll deductions made for a participant shall be credited to his or her account under the Plan and will be withheld in whole percentages only. A participant may not make any additional payments into such account unless specifically provided for in the offering.

(d) A participant may discontinue his or her participation in the Plan as provided in paragraph 11, or may decrease the rate of his or her payroll deductions during the current Offering Period by accessing the website designated by the Company and electronically amending his or her enrollment agreement or by submitting a new enrollment agreement (in such form as the Company may provide) authorizing a decrease in payroll deduction rate. The decrease in rate shall be effective with the first full payroll period following ten (10) business days after the Company's receipt of the amended enrollment or earlier to the extent administratively practicable. A participant may increase the rate of his or her payroll deductions for an upcoming Offering Period by accessing the website designated by the Company and electronically amending his or her enrollment agreement or by submitting a new enrollment agreement (in such form as the Company may provide) authorizing an increase in payroll deduction rate within ten (10) business days prior to commencement of the upcoming Offering Period. A participant's enrollment agreement shall remain in effect for successive Offering Periods unless terminated as provided in paragraph 11. The Plan Administrator shall be authorized to limit the number of participation rate changes during any Offering Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with the limitations of Section 423(b)(8) of the Code and paragraph 3(b)(ii) herein, a participant's payroll deductions may be decreased to 0% during any Offering Period if such participant would, as a result of such limitations, be precluded from buying any additional Common Stock on the Exercise Date for that Offering Period. The suspension of such deductions shall not terminate the participant's participation in the Plan. Payroll deductions shall recommence at the rate provided in such participant's enrollment agreement at the beginning of the first Offering Period for which the participant is able to purchase shares in compliance with the limitations of Section 423(b)(8) of the Code and paragraph 3(b)(ii) herein, unless terminated by the participant as provided in paragraph 11.

8. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date for such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions (and contributions) accumulated prior to such Exercise Date and retained in the participant's account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in paragraphs 3(b) and 13 hereof. However, the maximum number of shares of Common Stock purchasable per participant on any Exercise Date shall not exceed twenty-five thousand U.S. dollars ($25,000) worth of shares, subject to periodic adjustments in the event of certain changes in the Company's capitalization as provided in paragraph 19. Exercise of the option shall occur as provided in paragraph 9, unless the participant has withdrawn pursuant to paragraph 11.

9. Exercise of Option.

(a) Unless a participant withdraws from the Plan as provided in paragraph 11 below, his or her option for the purchase of shares will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions (and contributions) in his or her account. No fractional shares will be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in paragraph 11. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant as soon as administratively practicable following the Exercise Date. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, local, foreign or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefit attributable to sale or early disposition of Common Stock by the participant. The Plan Administrator may require the participant to notify the Company before the participant sells or otherwise disposes of any shares acquired under the Plan.

10. Delivery to Broker Account. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall deliver the shares purchased by the participant to a brokerage account established for the participant at a Company-designated brokerage firm. The account will be known as the ESPP Broker Account. The Company may require that, except as otherwise provided below, the deposited shares may not be transferred (either electronically or in certificate form) from the ESPP Broker Account until the later of the following two periods: (i) the end of the two (2)-year period measured from the Enrollment Date for the Offering Period in which the shares were purchased and (ii) the end of the one (1)-year measured from the Exercise Date for that Offering Period.

Such limitation shall apply both to transfers to different accounts with the same ESPP broker and to transfers to other brokerage firms. Any shares held for the required holding period may be transferred (either electronically or in certificate form) to other accounts or to other brokerage firms.

The foregoing procedures shall not in any way limit when the participant may sell his or her shares. Those procedures are designed solely to assure that any sale of shares prior to the satisfaction of the required holding period is made through the ESPP Broker Account. In addition, the participant may request a stock certificate or share transfer from his or her ESPP Broker Account prior to the satisfaction of the required holding period should the participant wish to make a gift of any shares held in that account. However, shares may not be transferred (either electronically or in certificate form) from the ESPP Broker Account for use as collateral for a loan, unless those shares have been held for the required holding period.

The foregoing procedures shall apply to all shares purchased by the participant under the Plan, whether or not the participant continues in Employee status.

11. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions and other contributions, if any, credited to his or her account and not yet used to exercise his or her option

under the Plan at any time by accessing the website designated by the Company and electronically withdrawing from the Offering Period or by giving written notice to the Company (in such form as the Company may provide). All of the participant's payroll deductions credited to his or her account will be paid to such participant as soon as practicable after receipt of notice of withdrawal and such participant's option for the Offering Period will be automatically terminated, and no further payroll deductions (or contributions) for the purchase of shares will be made during the Offering Period. If a participant withdraws from an Offering Period, payroll deductions (or contributions) will not resume at the beginning of the succeeding Offering Period unless the participant timely enrolls in that Offering Period.

(b) Upon a participant's ceasing to be an Employee for any reason or upon termination of a participant's employment relationship (as described in paragraph 2(g)), the payroll deductions and other contributions, if any, credited to such participant's account during the Offering Period but not yet used to exercise the option will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under paragraph 15, and such participant's option will be automatically terminated. A participant whose employment is deemed to have terminated under paragraph 2(g) may participate in any future Offering Period in which such individual is eligible to participate by timely enrollment in that Offering Period.

12. Interest. No interest shall accrue on the payroll deductions credited to a participant's account under the Plan unless otherwise required by applicable law.

13. Stock.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be [ ] shares. The share reserve shall be subject to adjustment upon changes in capitalization of the Company as provided in paragraph 19. If on a given Exercise Date the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) In addition, the number of shares of the Company's Common Stock available for issuance under the Plan will automatically increase on the first day of each fiscal year, for a period of not more than ten years from the date the Plan is approved by the holders of capital stock of the Company, commencing on January 1, 2020, and ending on (and including) January 1, 2029, in an amount equal to 1% of the total number of shares of the Company's Common Stock outstanding on the last day of the calendar month prior to the date of such automatic increase. Notwithstanding the foregoing, the Board may act prior to the first day of a given fiscal year to provide that there will be no increase in the number of shares of Common Stock available for issuance under the Plan for such fiscal year or that the increase in the number of shares of Common Stock available for issuance under the Plan for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

(c) The participant will have no interest or voting right in shares covered by his option until such option has been exercised and the participant has become a holder of record of the purchased shares.

14. Administration. The Plan shall be administered by the Board of the Company or a committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and

binding upon all parties. Members of the Board who are eligible Employees are permitted to participate in the Plan, provided that:

(i) Members of the Board who are eligible to participate in the Plan may not vote on any matter affecting the administration of the Plan or the grant of any option pursuant to the Plan.

(ii) If a Committee is established to administer the Plan, no member of the Board who is eligible to participate in the Plan may be a member of the Committee.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant (and his or her spouse, if any) at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions (or contributions) credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in paragraph 15 by the participant). Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with paragraph 11.

17. Use of Funds. All payroll deductions (and contributions) received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such monies unless otherwise required by applicable law.

18. Reports. Individual book accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves as well as the number of shares and price per share of Common Stock covered by each option under the Plan which has not yet been exercised and the maximum number of shares that may be purchased per participant on any Exercise Date, shall be equitably adjusted for any increase or

decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Plan Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option. The Plan Administrator may, if it so determines in the exercise of its sole discretion, make provision for adjusting the Reserves as well as the price per share of Common Stock covered by each outstanding option and the maximum number of shares that may be purchased per participant on any Exercise Date, in the event the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Plan Administrator.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Plan Administrator determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, to shorten the Offering Periods then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Plan Administrator shortens the Offering Periods then in progress in lieu of assumption or substitution in the event of a merger or sale of assets, the Plan Administrator shall notify each participant in writing, at least ten (10) days prior to the New Exercise Date, that the Exercise Date for his option has been changed to the New Exercise Date and that his option will be exercised automatically on the New Exercise Date, unless prior to such date he has withdrawn from the Offering Period as provided in paragraph 11. For purposes of this paragraph, an option granted under the Plan shall be deemed to be assumed if, following the sale of assets or merger, the option confers the right to purchase, for each share of option stock subject to the option immediately prior to the sale of assets or merger, the consideration (whether stock, cash or other securities or property) received in the sale of assets or merger by holders of Common Stock for each share of Common Stock held on the effective date of the transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration received in the sale of assets or merger was not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Plan Administrator may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the sale of assets or merger.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in paragraphs 19 and 20 or as necessary to comply with applicable laws or regulations, no such termination or amendment can adversely affect options previously granted without the consent of the affected participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision) or any other applicable law or regulation, the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Plan Administrator shall be entitled to change the Offering Periods, change the maximum number of shares of Common Stock purchasable per participant on any Exercise Date, limit the frequency and/or number of changes in the amount withheld during Offering Periods, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation or contributed by the participant, and establish such other limitations or procedures as Plan Administrator determines in its sole discretion advisable which are consistent with the Plan.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. In addition, should the Plan not be registered on an Exercise Date of any Offering Period in any foreign jurisdiction in which such registration is required, then no options granted with respect to the Offering Period to employees in that foreign jurisdiction shall be exercised on such Exercise Date, and all contributions accumulated on behalf of such employees during the Offering Period ending with such Exercise Date shall be distributed to the participating employees in that foreign jurisdiction without interest unless the terms of the offering specifically provide otherwise or otherwise required by applicable law.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan shall become effective on [·], 2019 subject to its approval by the stockholders of the Company at the 2010 Annual Stockholders Meeting. It shall continue in effect until [·], 2029 unless sooner terminated under paragraph 20.

Exhibit 10.7

FORM OF SMILEDIRECTCLUB, INC.
CHANGE IN CONTROL SEVERANCE AGREEMENT

This CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") is entered into as of [·], 2019 (the "Effective Date"), by and between SmileDirectClub, Inc. (the "Company"), and [·] (the "Participant").

RECITALS

WHEREAS, the Board of Directors of the Company believes it is in the best interests of the Company to enter into this Agreement with the Participant in order to assure continuity of senior management and to reinforce and encourage the Participant's continued attention and dedication to the Participant's duties and responsibilities without distraction in the event of the possibility of a Change in Control (as defined below); and

WHEREAS, the Company and the Participant desire to enter into this Agreement setting forth the terms and conditions for the payment of compensation to the Participant in the event of a qualifying termination of the Participant's Continuous Service Status in connection with a Change in Control during the term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

Section 1. Definitions. For purpose of this Agreement, the following defined terms shall have the meanings set forth below:

(a) "Applicable Laws" means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal, state or local laws, any stock exchange rules or regulations and the applicable laws, rules or regulations of any other country or jurisdiction where the Participant resides or provided services, as such laws, rules and regulations shall be in effect from time to time.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" for termination of the Participant's Continuous Service Status will exist if the Participant's Continuous Service Status is terminated for any of the following reasons: (i) Participant's willful failure to perform his or her duties and responsibilities to the Company or Participant's violation of any written Company policy; (ii) Participant's commission of any act of fraud, embezzlement or dishonesty, or any other misconduct that has caused or is reasonably expected to result in injury to the Company (including, for the avoidance of doubt, reputational harm); (iii) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; (iv) Participant's material breach of any of his or her obligations under any written agreement or covenant with the Company, including, without limitation, any noncompetition obligation; (v) Participant's commission of a felony or other crime involving moral turpitude; or (vi) Participant's gross negligence in connection with his or her performance of services. The determination as to

whether a Participant's Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time.

(d) "Change in Control" shall mean the occurrence of any of the events set forth in section 2(j) of the Plan.

(e) "Change in Control Protection Period" means the period commencing three months prior to, and ending eighteen months following, the occurrence of a Change in Control.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(g) "Company" shall have the meaning set forth in the preamble hereto and will be interpreted to include any subsidiary, parent, affiliate, or any successor thereto, if appropriate.

(h) "Continuous Service Status" means the absence of any interruption or termination of service as a Participant, as determined by the Board in good faith and subject to Applicable Laws. Subject to Applicable Laws, the Board shall determine whether a leave of absence, or absence in military or government service, shall constitute an interruption of Continuous Service Status; provided, however, that, the Administrator shall not have any such discretion to the extent that the grant of such discretion would cause any tax to become due under Section 409A of the Code. Also, Continuous Service Status as a Participant shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its parents, subsidiaries or affiliates, or their respective successors.

(i) "Disability" shall mean a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code.

(j) "Effective Date" shall have the meaning set forth in the preamble hereto.

(k) "Equity Award" means any award of an option, restricted stock, restricted stock unit or other award granted to the Participant under the Plan.

(l) "Good Reason" means the occurrence, without the Participant's written consent, of any one or more of the following events or circumstances: (i) the Participant's duties or responsibilities are materially diminished in a manner which is inconsistent with the provisions of this Agreement; (ii) the Participant ceases to hold a position of like status to that under this Agreement; (iii) any fundamental term of this Agreement is breached other than by the Participant; (iv) the Participant's annual base salary, annual target bonus or other Participant benefits are materially reduced, except where such reduction is expressly permitted under the terms of this Agreement or where a similar reduction is applied generally across the senior management team; or (v) the Participant is required to relocate the Participant's principal place of employment more than 50 miles from the Participant's normal place of work unless the Participant's principal place of employment is brought within 50 miles (whether by distance or commuting time) of the Participant's home residence by such relocation; provided, that (A) the Participant provides the Company with Notice stating clearly the event or circumstance that constitutes Good Reason in the Participant's belief (acting in good faith) within 30 days of its

occurrence, (B) the Company shall have a period of not less than 30 working days (the "Cure Period") to cure the event or circumstance allegedly constituting Good Reason, and (C) the Participant must actually terminate Continuous Service Status no later than 10 days following the end of such Cure Period, if the Good Reason condition remains uncured. For the avoidance of doubt, Good Reason shall not exist if the event or circumstance allegedly constituting Good Reason is cured by the Company or if the Participant fails to terminate the Participant's Continuous Service Status hereunder within 10 days following the end of the Cure Period.

(m) "Group Company" means any member of the Company whether it be a parent, subsidiary or affiliate.

(n) "Notice" shall have the meaning set forth in Section 8.

(o) "Participant" shall have the meaning set forth in the preamble hereto.

(p) "Plan" means the SmileDirectClub, Inc. 2019 Omnibus Incentive Plan, as may be amended or restated from time to time, or any successor thereto.

(q) "Premium Payment" shall have the meaning set forth in Section 3(b)(ii).

(r) "PSU" means a restricted share unit in respect of common of Company that vests in whole or in part on the basis of the achievement of performance targets.

(s) "Release" means a release of claims against the Company, substantially in the form attached hereto as Exhibit A.

(t) "RSU" means a restricted stock unit in respect of common stock of Company that vests solely on the basis of time.

(u) "Term" shall have the meaning set forth in Section 2.

(v) "Termination Date" means the date of termination of the Participant's Continuous Service Status with the Company.

Section 2. Term of Agreement. The term of this Agreement shall commence as of the Effective Date and shall continue until the earliest of (i) if the Participant is entitled to benefits pursuant to Section 3 and complies with the terms thereof, the date that the Company satisfies their respective obligations pursuant to such Section 3, (ii) the date of termination of the Participant's Continuous Service Status for any reason outside of the Change in Control Protection Period, or (iii) the date of termination of the Participant's Continuous Service Status either by the Company for Cause or by the Participant without Good Reason or as a result of the Participant's death or Disability, in any case, at any time during the Change in Control Period (the "Term").

Section 3. Change in Control Severance Benefits. If at any time during the Change in Control Protection Period, the termination of the Participant's Continuous Service Status by the Company without Cause (other than due to the Participant's death or Disability) or by the

Participant for Good Reason, in either case, then the Participant shall be entitled to receive the following payments and benefits under the terms of this Section 3.

(a) Payment of Accrued Benefits. The Participant shall be entitled to receive payment of the following accrued benefits:

(i) Any earned but unpaid base salary through the Termination Date, payable within five days following the Termination Date or such earlier date required by applicable law;

(ii) Any accrued but unused vacation pay through the Termination Date, payable within five days following the Termination Date or such earlier date required by applicable law;

(iii) Any unreimbursed expenses incurred by the Participant through the Termination Date, payable in accordance with the Company's applicable expense reimbursement policies and procedures; and

(iv) Such fully vested and non-forfeitable employee benefits, if any, as to which the Participant may be entitled under the employee benefit plans of the Company.

(b) Payment of Severance Benefits. Subject to Sections 3(c), 3(d), and any applicable timing requirements of Section 4(b)(v) below, the Participant shall be entitled to receive the following severance payments and benefits:

(i) Severance pay in an amount equal to (x) [24][12](1) months of the Participant's annual then-current base salary and (y) 100% of the Participant's annual target bonus, payable in a lump-sum cash payment on the first payroll date after the Release becomes irrevocable;

(ii) If Participant then participates in the Company's medical plan(s) and the Participant timely elects to continue to receive group health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Company shall either directly pay or reimburse the Participant for all monthly COBRA premiums, whether monthly or in a lump-sum cash payment, at the Company's sole discretion, incurred by Participant on behalf of both the Participant and the Participant's dependents for a period of [24][12](2) months (such monthly payments being the "COBRA Amount"), provided that in order to be reimbursed, the Participant must provide the Company with adequate documentation of payment of such monthly COBRA premiums. The COBRA

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(1) Only the CEO is eligible for 24 months' worth of severance. The remaining participants receive 12 months' worth of severance.

(2) Only the CEO is eligible for 24 months' worth of COBRA reimbursements. The remaining participants receive 12 months' worth of COBRA reimbursements.

Amount shall maintain the coverage the Participant and the Participant's dependents (if applicable) had immediately prior to the date of termination of Participant's Continuous Service Status with the Company (subject to any changes in coverage that effect employees generally). In the event the Participant does not elect COBRA coverage, the Participant subsequently becomes ineligible for continued COBRA coverage, the Participant fails to provide the Company with adequate documentation of Participant's payment of such COBRA premiums (if applicable), or the Participant does not execute the Release or subsequently revokes the Release, the Company shall no longer be obligated to pay the Participant any remaining portion of the COBRA Amount. At the Company's sole discretion, it may provide an additional amount (the "Gross-Up Payment") such that the net amount retained by the Participant, after deduction of any Federal, state and local income and employment taxes upon the COBRA Amount and the Gross-Up Payment, shall be equal to the COBRA Amount;

(iii) With respect to any outstanding RSU or other Equity Award held by the Participant that (x) vests solely on the basis of time and (y) is not assumed, converted or replaced in the Change in Control transaction pursuant to the Plan, the vesting of such RSU or other Equity Award shall fully accelerate as of the Termination Date;

(iv) With respect to any outstanding PSU or other Equity Award held by the Participant that is not assumed, converted or replaced in the Change in Control transaction pursuant to the Plan and (x) was subject to performance-based vesting for which the achievement of the applicable performance goals under the Equity Award have previously been determined to be satisfied in whole or in part as of the Termination Date and (y) remains subject to time-based vesting, the vesting of such PSU or other Equity Award shall fully accelerate as of the Termination Date, unless otherwise provided in the applicable agreement evidencing such PSU or Equity Award; and

(v) With respect to any outstanding PSU or other Equity Award held by the Participant that is not assumed, converted or replaced in the Change in Control transaction pursuant to the Plan and is subject to performance-based vesting for which the achievement of the applicable performance goals under the Equity Award has not been determined as of the Termination Date, the performance goals shall be deemed achieved at one-hundred percent (100%) of target levels, in addition to full vesting acceleration for any time-based vesting requirements, as applicable, unless otherwise provided in the applicable agreement evidencing such PSU or Equity Award.

(c) Conditions to Severance Payments and Benefits. Notwithstanding anything to the contrary in this Agreement, it shall be a condition to the Participant's right to receive the payments and benefits provided for in Section 3(b), that the Participant execute and deliver to the Company and not revoke the Release, which Release shall be delivered to the Participant within five (5) days following the Termination Date. The Release must be executed and delivered to

the Company (and no longer subject to revocation, if applicable) within sixty (60) days following the Termination Date (the "Release Period").

(d) Participant's Obligations Upon Termination. The Participant hereby acknowledges and agrees that, on the Termination Date, the Participant will:

(i) Immediately deliver to the Company all books, documents, papers, computer records, computer data, credit cards and any other property relating to the business of or belonging to the Company or any other Group Company which is in the Participant's possession or under the Participant's control. The Participant is not entitled to retain copies or reproductions of any documents, papers or computer records relating to the business of or belonging to the Company or any other Group Company;

(ii) Immediately resign from any office the Participant holds with the Company or any other Group Company (and from any related trusteeships) without any compensation for loss of office. Should the Participant fail to do so, the Participant hereby irrevocably authorizes the Company to appoint some person in the Participant's name and on the Participant's behalf to sign any documents and do anything to give effect to the Participant's resignation from office; and

(iii) Immediately pay to the Company or, as the case may be, any other Group Company all outstanding loans or other amounts due or owed to the Company or any Group Company; provided, that the Participant confirms that, should the Participant fail to do so, the Company is authorized to deduct from any amounts due or owed to the Participant by the Company (or any other Group Company) a sum equal to such amounts.

The Participant further acknowledges and agrees that the Participant will not at any time after the Termination Date represent the Participant as being in any way concerned with or interested in the business of, or employed by, the Company or any other Group Company.

(e) Certain Payment Delays. Notwithstanding anything to the contrary in this Agreement, the severance amounts described in Sections 3(b)(i) and (ii) shall be paid on the first regularly scheduled payroll date following the date on which the Release becomes irrevocable; provided, that to the extent required to comply with Section 409A, if the Release Period spans two (2) calendar years, such severance amounts shall be paid on the first regularly scheduled payroll date that occurs in the second calendar year.

(f) Effect on All Equity Awards. The Participant hereby acknowledges and agrees that, notwithstanding any terms to the contrary in an award agreement or other documentation evidencing any Equity Award held by the Participant as of the Effective Date or granted thereafter, the terms of Section 3(b)(iii) through (v), shall govern if there is any conflict between the terms of any such award agreement or other documentation and this Agreement.

(g) Non-Duplication. Notwithstanding any other agreement to the contrary, the Participant acknowledges and agrees that if at any time during the Change in Control Protection

Period, the termination of the Participant's Continuous Service Status by the Company without Cause (other than due to the Participant's death or Disability) or by the Participant for Good Reason, then (i) the payments and benefits under this Agreement shall be the only severance or similar payments and benefits that are payable by the Company under any plan, program, policy or agreement, including but not limited to any offer letter, employment agreement or similar agreement between the Company and the Participant, and (ii) the payments under this Agreement are in full and complete satisfaction of all liabilities of the Company with respect to the Participant under all such other plans, programs and agreements.

(h) Loss of Rights to Equity Awards. The Participant hereby acknowledges and agrees that the Participant may, during the period of Participant's employment with the Company, be granted rights upon the terms and subject to the conditions of the rules from time to time of the Plan or any other profit sharing, share incentive, share option, bonus or phantom option scheme operated by the Company or any Group Company with respect to shares in the Company or any Group Company. If, on the Termination Date, whether lawfully or in breach of contract, the Participant loses any of the rights or benefits under the Plan or any such scheme (including rights or benefits which the Participant would not have lost had the termination of the Participant's Continuous Service Status not occurred) the Participant shall not be entitled, by way of compensation for loss of office or otherwise howsoever to any compensation for the loss of any rights under the Plan or any such scheme.

Section 4. US Tax Issues.

(a) Sections 280G and 4999 of the Code. If the Participant becomes entitled to any payment or benefit under this Agreement (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, the Company or Group Company being the "Total Payments") and all or any part of the Total Payments will, as determined by the Company, be subject to the tax imposed by Section 4999 of the Code (or any similar tax that may be hereafter imposed) (the "Excise Tax"), then such payment shall be either:

(i) the full payment, subject to the payment of the Excise Tax by the Participant; or

(ii) such lesser amount that would result in no portion of the payment being subject to Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, as well as the phase out of itemized deductions and personal exemptions related to such payments, results in the receipt by the Participant, on an after-tax basis, of the greatest amount of the payment notwithstanding that all or some portion of the payment may be taxable under Section 4999 of the Code. Any such reduction shall be made by the Company in compliance with all applicable legal authority, including Section 409A of the Code. All determinations required to be made under this Section shall be made by the nationally recognized U.S. accounting firm selected by the Company (the "Accounting Firm"). The Company shall require the Accounting Firm to provide detailed supporting calculations of its determinations to the Company and the Participant. Notice must be given to the Accounting Firm within 15 business days after an event entitling the Participant to a

payment under this Section. All fees and expenses of the Accounting Firm related to this determination shall be borne solely by the Company. The Total Payments shall be reduced by the Company in the following order: first, any cash payment that is exempt from Section 409A of the Code, and second any other payments or benefits on a pro-rata basis.

(b) Section 409A of the Code.

(i) The compensation and benefits under this Agreement are intended to comply with or be exempt from the requirements of Section 409A of the Code, and this Agreement will be interpreted and administered in a manner consistent with that intent. The preceding provision, however, shall not be construed as a guarantee by the Company of any particular tax effect to the Participant under this Agreement and shall not constitute an indemnity from the Company to the Participant.

(ii) References to "termination of employment" and similar terms used in this Agreement mean, to the extent necessary to comply with Section 409A of the Code, the date that the Participant first incurs a "separation from service" within the meaning of Section 409A of the Code. Each payment under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A of the Code.

(iii) To the extent any reimbursement provided under this Agreement is includable in the Participant's income and could be characterized as nonqualified deferred compensation for purposes of Section 409A of the Code, such reimbursements shall be paid to the Participant at the time specified, but not later than December 31 of the year following the year in which the Participant incurs the expense, and shall not be subject to liquidation or exchange for another benefit, and the amount of reimbursable expenses provided in one year shall not increase or decrease the amount of reimbursable expenses to be provided in a subsequent year.

(iv) The payment of any "tax gross-up payment" (as defined in Section 409A of the Code), including the Gross-Up Payment, pursuant to this Agreement shall be paid to the Participant in any event no later than the end of the taxable year immediately following the taxable year in which the Participant remits the related taxes.

(v) Notwithstanding anything in this Agreement to the contrary, if at the time of termination of the Participant's Continuous Service Status with the Company, the Participant is a "specified employee" as defined in Section 409A of the Code, and any payment payable under this Agreement as a result of such separation from service is required to be delayed by six months pursuant to Section 409A of the Code, then the Company will make such payment on the date that is six months following the Participant's separation from service with the Company. The amount of such payment will equal the sum of the payments that would have been paid to the Participant during the six-month period immediately

following the Participant's separation from service had the payment commenced as of such date and will not include interest.

Section 5. Reaffirmation of Restrictive Covenants. The Participant hereby acknowledges and agrees that Participant is bound by certain restrictive covenants set forth in the Participant's Employee Proprietary Information, Inventions Assignment and Non-Compete Agreement. Notwithstanding any provision of this Agreement, the Participant hereby reaffirms such restrictive covenants, and acknowledges and agrees that such restrictive covenant agreement will survive the termination of the Participant's Continuous Service Status with the Company pursuant to the terms and conditions thereof, and shall remain in full force and effect.

Section 6. At-Will Employment. The Participant's employment with the Company is "at-will" and is not for a specified period of time. Subject to the Company's obligations under Section 3, either the Participant or the Company may terminate the Participant's Continuous Service Status at any time and for any reason whatsoever (or for no reason). This at-will employment relationship cannot be changed except in a writing signed by the Participant and a duly authorized representative of the Company.

Section 7. No Third Party Beneficiaries. Except as expressly provided in this Agreement, this Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns or to otherwise create any third-party beneficiary hereto.

Section 8. Notices. All notices, requests, demands and other communications (each, a "Notice") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, overnight delivery service or electronic transmission (each of which must be confirmed) or by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

if to the Participant:

at the address last set forth in the records of the Company;

if to the Company:

SmileDirectClub, Inc.
Attention: General Counsel
414 Union Street
Nashville, Tennessee 37219

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any party may from time to time change its address for further Notices hereunder by giving notice to the other parties in the manner prescribed in this Section.

Section 9. Entire Agreement. This Agreement, together with any other documents referred to in this Agreement, constitutes the entire agreement and understanding between the

parties, and supersedes all other agreements both oral and in writing between the Company and the Participant with respect to the subject matter hereof. The Participant acknowledges that the Participant has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement or expressly referred to herein as forming a part of this Agreement.

Section 10. Assignment. No party may assign his, her or its rights or obligations under this Agreement, and any attempted or purported assignment or any delegation of any party's duties or obligations arising under this Agreement to any third party or entity shall be deemed to be null and void, and shall constitute a material breach by such party of its duties and obligations under this Agreement. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns.

Section 11. Waiver and Amendment. This Agreement may be amended only by a written agreement executed by all of the parties to this Agreement. Any agreement on the part of a party hereto to any waiver of a provision herein shall be valid only if set forth in writing in an instrument signed by or on behalf of such party. The waiver by any party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

Section 12. Governing law. Unless otherwise noted, references to laws in this Agreement are to the laws of the United States. Any reference in this Agreement to law shall be deemed to include any statutory modification or re-enactment thereof. This Agreement is governed by, and shall be construed in accordance with, the laws of the State of Delaware. The courts of the State of Delaware and the federal courts located therein shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Agreement.

Section 13. Severability. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be or become prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 14. Captions. The various captions of this Agreement are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Agreement.

Section 15. Counterparts. This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this Agreement by e-mail shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorizes the attachment of such counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

SMILEDIRECTCLUB, INC.

By: _____
Name: [ ]
Title: [ ]

PARTICIPANT

By: _____
Name: [ ]

EXHIBIT A

GENERAL RELEASE

I, [ ], in consideration for the obligations of the SmileDirectClub, Inc. (the "Company") under the Change in Control Severance Agreement by and between the Company and me, dated as of , 20 (the "Agreement"), do hereby release and forever discharge as or the date hereof the Company and its affiliates, subsidiaries and direct or indirect parent entities and owners, and all present, former and future directors, officers, agents, representatives, employees, successors and assigns of the Company and their respective affiliates, subsidiaries and direct or indirect parent entities and owners (collectively, the "Released Parties") to the extent provided below (this "General Release"). The Released Parties are intended to be express third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. I understand that the severance benefits to be paid to me under Section 3(b) of the Agreement represent, in part, consideration for signing this General Release and is not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the severance benefits specified in Section 3(b) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such severance benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my spouse and my affiliates, and my and my spouse's heirs, executors, administrators and assigns (collectively, the "Releasing Parties")) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions. causes of action, cross-claims, counter-claims, demands, debts, damages (whether compensatory, punitive, direct, special, liquidated, exemplary or otherwise), claims for costs (including enforcement costs and expenses, and attorneys' fees), or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable), and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties, which I and each other Releasing Party, may have, by reason of any matter, cause, or thing whatsoever, from the beginning of my initial dealings with the Company to the date of this General Release, and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to my employment relationship with the Company, the terms and conditions of that employment relationship, and the termination of that employment relationship (including, but not limited to, any allegation, claim or violation, arising under. Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers

Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local counterparts; the California Fair Employment and Housing Act, the California Business & Professions Code Section 17200 or any other unfair competition law, California Labor Code Section 2802 or under any other U.S. or non-U.S. federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or any other claim arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses or amounts, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims").

3. I represent that I have made no (and I hereby covenant and agree that I will not make any) direct or indirect assignment or transfer of any Claim or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which may arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that this General Release does not waive or release any rights or claims for indemnification by any Group Company, claims under any director's and officer's Liability Insurance policy, claims to any vested benefits (subject always to the rules of any applicable benefit plan), nor any claims that cannot be waived under any applicable law.

6. I hereby knowingly waive all rights to sue (including, without limitation, by joining any class action lawsuit) or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, future employment, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under applicable law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that I hereby disclaim and knowingly waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving my rights under Section 3(b) of the Agreement, or any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise.

7. California Civil Code Section 1542 Waiver. I expressly acknowledge and agree that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE. WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

I waive any right which I have or may have under Section 1542 to the full extent I may lawfully waive such rights pertaining to this General Release.

8. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown end unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied.

9. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement.

10. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law.

11. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

12. I agree that if I violate this General Release by suing the Company or the other Released Parties related to any Claims, I will pay all costs (including reasonable costs and expenses of defending against the suit, including reasonable attorneys' fees) incurred by the Released Parties as a result.

13. I agree that this General Release and the Agreement are strictly confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement to anyone, except pursuant to Section 7(b) of the Agreement, or to my immediate family and any tax, legal or other counsel that I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone. Notwithstanding the foregoing, nothing herein will prevent me from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other

disclosures under the whistleblower provisions of federal law or regulation, for which I will not need the prior authorization of the Company to make any such reports or disclosures or be required to notify the Company of any such reports or disclosures.

14. I represent that I am not aware of any claim (whether actual, pending, threatened or otherwise) by me or any reasonable basis therefor as of the date of execution of this General Release other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

15. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement to the extent arising after the date hereof.

16. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

A. I HAVE READ IT CAREFULLY;

B. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

C. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

D. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

E. I HAVE HAD AT LEAST [21/45] DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE

AT MY REQUEST AND WILL NOT RESTART THE REQUIRED [21/45]-DAY PERIOD;

F. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT BY PROVIDING WRITTEN NOTICE OF REVOCATION TO: SMILEDIRECTCLUB, INC., ATTENTION: CHIEF EXECUTIVE OFFICER, 414 UNION STREET, NASHVILLE, TENNESSEE 37219, AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

G. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

H. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

Signed: _____

Date: _____

Exhibit 10.8

FORM OF SMILEDIRECTCLUB, INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT GRANT NOTICE

SmileDirectClub, Inc., a Delaware corporation (the "**Company**"), pursuant to the SmileDirectClub, Inc. 2019 Omnibus Incentive Plan and any applicable sub-plan for a particular country, as applicable (together, the "**Plan**"), has granted to the participant set forth below (the "**Participant**"), as of the date set forth below (the "**Date of Grant**"), a restricted stock unit award covering the number of units set forth below, each of which represents one (1) share of the Company's Common Stock (the "**RSUs**"). The RSUs are subject to all of the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "**Grant Notice**") and the Restricted Stock Unit Agreement (the "**RSU Agreement**") and the Plan, both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined in this Grant Notice but defined in the Plan or the RSU Agreement will have the same definitions as in the Plan or the RSU Agreement. In the event of any conflict between the terms of the Grant Notice and the Plan, the terms of the Plan will control.

Participant:	[NAME]
Date of Grant:	[DATE]
Total Number of RSUs:	[NUMBER]
[Vesting Commencement Date][Hire Date](1):	[DATE]

Vesting Schedule:

[DELETE FOR IBAS][The RSUs shall vest in two (2) equal installments on each of the first two (2) anniversaries of the Vesting Commencement Date, subject to the terms and conditions of the Plan and the RSU Agreement that are incorporated herein by reference.]

[FOR PURPOSES OF THE IBAs ONLY] [The RSUs shall vest ratably on each anniversary of the Hire Date that occurs during the period between the Date of Grant and the [fourth] ([4th]) anniversary of the Hire Date, subject to the terms and conditions of the Plan and the RSU Agreement that are incorporated herein by reference and Section 3.3 of the SDC Financial, LLC Amended Incentive Bonus Agreement between Participant and SDC Financial, LLC dated as of [May 30, 2019].](2)

So long as Participant's Continuous Service Status does not terminate (and provided that no vesting shall occur following the date of such termination), the RSUs shall vest in accordance with the vesting schedule above. Each tranche of RSUs that vests, or is scheduled to vest, pursuant to this Grant Notice is hereby designated as a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

(1) NTD: For purposes of the IBAs, use the "Hire Date" instead of the "Vesting Commencement Date."

(2) NTD: To be updated on an individual basis by reference to each IBA.

[Vesting Acceleration:]	[If the Participant's Continuous Service Status is terminated by the Company without Cause, Participant resigns for Good Reason, or Participant's Continuous Service Status terminates due to Participant's death or Disability, then [fifty] percent ([50]%) of the remaining unvested RSUs granted hereunder shall immediately vest.] ["Good Reason" means the requirement that the Participant relocate his principal place of business to a location more than one hundred (100) miles from Participant's principal place of business without Participant's express written consent, provided that the relocation increases Participant's commute, and provided further that the relocation of Participant's principal place of business to the Company's headquarters in Nashville, Tennessee shall not give rise to Good Reason. Notwithstanding the foregoing, Participant's Continuous Service Status will not be considered to have terminated for Good Reason unless (i) Participant provides written notice to the Company of the circumstance(s) constituting Good Reason within 90 days following the initial existence of such circumstance(s), (ii) the Company fails to cure the Good Reason event within thirty (30) days following its receipt of such notice, and (iii) Participant's Continuous Service Status terminates within thirty (30) days following the expiration of such cure period. In no event shall Participant, as a condition of termination Continuous Service Status for Good Reason, be required to actually relocate during the period starting with the date of Participant's written notice and ending on the date of Participant's termination of Continuous Service Status as described in this paragraph.]
Issuance Schedule:	Upon vesting, RSUs shall be settled in Shares on a date determined by the Company, in its sole and absolute discretion, that is on or before the later of (A) March 15th of the year following the year in which the vesting date occurs, and (B) the fifteenth (15th) day of the third month of the Company's tax year following the year in which the vesting date occurs. Further, notwithstanding anything stated herein, in the RSU Agreement, the Plan or any other agreement applicable to the RSUs, the Company shall have the discretion to settle the RSUs prior to the time set forth herein to the extent permitted by Treasury Regulation Section 1.409A-3(j)(4).
Mandatory Sale to Cover Tax Withholding Obligations/Company Withholding:	As a condition to acceptance of this award of RSUs, to the greatest extent permitted under the Plan and Applicable Laws, any Tax Withholding Obligations will be satisfied through the sale of a number of the Shares issuable upon settlement determined in accordance with Section 3 of the RSU Agreement and the remittance of the cash proceeds of such sale to the Company. Under the RSU Agreement, the Company is authorized and directed by Participant to make payment from the cash proceeds of the sale directly to the appropriate taxing authorities in an amount equal to the Tax Withholding Obligations. It is the Company's intent that the mandatory sale to cover Tax Withholding Obligations imposed by the Company on Participant in connection with the receipt of this Award comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c). Notwithstanding the foregoing, in its sole discretion, pursuant to the RSU Agreement, the Company may instead withhold a number of the Shares issuable upon settlement determined in accordance with Section 3 of the RSU Agreement and make payments from its own funds to the appropriate taxing authorities in an amount equal to the Tax Withholding Obligations, or may enter into any other arrangement with the Participant to satisfy Participant's Tax Withholding Obligations in accordance with Section 3 of the RSU Agreement.

[Signature Page Follows]

BY YOUR SIGNATURE BELOW, along with the signature of the Company's representative, you and the Company agree that the RSUs are hereby awarded under the terms and conditions of this Agreement, the Grant Notice and the Plan.

SMILEDIRECTCLUB, INC.

_____

By: [·]
Name: [·]
Title: [·]

PARTICIPANT

_____

By: [·]
Name: [·]

FORM OF SMILEDIRECTCLUB, INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

Pursuant to your Restricted Stock Unit Grant Notice (the "**Grant Notice**") and this Restricted Stock Unit Agreement (the "**Agreement**"), SmileDirectClub, Inc., a Delaware corporation (the "**Company**"), has granted you (the "**Participant**"), as of the Date of Grant set forth in the Grant Notice, a restricted stock unit award covering the number of units set forth in your Grant Notice, each of which represents one (1) share of the Company's Common Stock (the "**RSUs**") pursuant to the Company's 2019 Omnibus Incentive Plan and any applicable sub-plan for a particular country (together, the "**Plan**"). Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan or in the Grant Notice shall have the meaning ascribed to them in the Plan or in the Grant Notice. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

1. **No Stockholder Rights**. Unless and until such time as Shares are issued pursuant to the Agreement in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs, including, without limitation, no right to dividends (or dividend equivalents) or to vote such Shares.

2. **Termination**. Except as otherwise provided in the Plan or the Grant Notice, if Participant's Continuous Service Status terminates at any time for any reason, all RSUs for which vesting is no longer possible under the terms of the Grant Notice and this Agreement shall be forfeited to the Company on the date of such termination of Continuous Service Status, and all rights of Participant to such RSUs shall immediately terminate at such time. Subject to Applicable Law, in the event Participant's Continuous Service Status is terminated by the Participant's Employer (the "**Employer**") for Cause, then Participant's vested but unsettled RSUs will also be forfeited upon the date of such termination, and Participant will have no further rights or interests with respect to such vested RSUs. Further, unless otherwise approved by the Company, Participant's right to vest in the RSUs will terminate as of such date and will not be extended by any contractual notice period or any period of "garden leave" or similar notice period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any.

3. **Responsibility for Taxes**. As a condition to the grant, vesting, and settlement of the RSUs, Participant acknowledges that, regardless of any action taken by the Company or, if different, the Employer, the ultimate liability for all income tax, social security contributions (including employer's social security contributions to the extent such amounts may be lawfully recovered from the Participant), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items (or any equivalent or similar taxes, contributions or other relevant tax-related items in any relevant jurisdiction) or required deductions, withholdings or payments legally applicable to him or her and related to the receipt, vesting or settlement of the RSUs, the issuance or subsequent sale of the Shares allocated to the RSUs, or the participation in the Plan ("**Tax-Related Items**") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges and agrees that Participant is solely responsible for filing all relevant documentation that may be required in relation to the RSUs or any Tax-Related Items (other than filings or documentation that is the specific obligation of the Company, its Parent, Subsidiaries or Affiliates (the "**Company Group**") pursuant to Applicable Laws), such as, but not limited to, personal income tax returns or reporting statements in relation to the receipt, vesting or settlement of the RSUs, the issuance of the Shares allocated to the RSUs, the holding of Shares or any bank or brokerage account, the subsequent sale of Shares, and the receipt of any dividends.

Participant further acknowledges that the Company and/or the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the receipt, vesting or settlement of the RSUs, the issuance or subsequent sale of the Shares allocated to the RSUs and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Participant also understands that Applicable Laws may require varying RSU or Share valuation methods for purposes of calculating Tax-Related Items, and the Company assumes no responsibility or liability in relation to any such valuation or for any calculation or reporting of income or Tax-Related Items that may be required of Participant under Applicable Laws.

Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Pursuant to this Agreement and subject to Applicable Laws, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy Participant's Tax Withholding Obligations by (i) withholding from Participant's wages or other compensation paid to Participant by the Company or the Employer, (ii) withholding from proceeds of the sale of Shares acquired pursuant to the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization) without further consent, (iii) withholding Shares that would otherwise be issued upon settlement of the RSUs or (iv) such other method as determined by the Company.

Depending on the method of satisfying the Tax Withholding Obligations, the Company may pay, withhold or account for such Tax Withholding Obligations by considering applicable minimum statutory withholding amounts or other applicable tax or withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld or over-paid amount in cash and will have no entitlement to the Share equivalent.

Participant agrees to pay to the Company or the Employer any amount of Tax Withholding Obligations that the Company or the Employer may be required to pay, withhold or account for as a result of Participant's receipt, vesting or settlement of the RSUs, the issuance of the Shares allocated to the RSUs or the participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with his or her obligations in connection with the Tax Withholding Obligations.

Participant understands that Participant may suffer adverse tax consequences as a result of Participant's receipt, the vesting and/or settlement of the RSUs, the issuance of Shares allocated to the RSUs and/or the disposition of such Shares. Participant represents that Participant has consulted any tax consultants Participant deems advisable in connection with the receipt of the RSUs, the vesting and/or settlement of the RSUs, the issuance of Shares allocated to the RSUs and/or the disposition of such Shares and that Participant is not relying on the Company (or the Employer) for any tax advice.

4. **Nature of Grant**. In accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(c) all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the RSUs and the Shares allocated to the RSUs are not intended to replace any pension rights or compensation and are outside the scope of Participant's employment contract, if any;

(f) the RSUs and the Shares allocated to the RSUs , and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of- service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(h) no entity in the Company Group shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar or the selection by the Company or any member of the Company Group in its sole discretion of an applicable foreign exchange rate that may affect the value of the RSUs (or the calculation of income or Tax-Related Items thereunder) or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of the Shares allocated to the RSUs.

5. **Section 409A of the U.S. Internal Revenue Code**. All payments made and benefits provided under this Agreement are intended to be exempt from the requirements of Section 409A of the Code to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4) so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt. In no event will the Company reimburse Participant for any taxes or other penalties that may be imposed on Participant as a result of Section 409A and, by accepting the RSUs, Participant hereby indemnifies the Company for any liability that arises as a result of Section 409A.

6. **No Advice Regarding Grant**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's receipt, vesting or settlement of the RSUs or the Shares allocated thereto or the sale of such Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan and the RSUs before accepting the RSUs or otherwise taking any action related to the RSUs or the Plan.

7. **Miscellaneous.**

(a) **Governing Law**. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(b) **Jurisdiction and Venue**. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN THE STATE OF DELAWARE. THE PARTIES AGREE THAT ANY ACTION OR PROCEEDING ARISING FROM OR RELATED TO THIS AGREEMENT SHALL BE BROUGHT AND TRIED EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF DELAWARE. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES EXPRESSLY ACKNOWLEDGE THAT THE STATE OF DELAWARE IS A FAIR, JUST, AND REASONABLE FORUM AND AGREE NOT TO SEEK REMOVAL OR TRANSFER OF ANY ACTION FILED BY ANY OF THE OTHER PARTIES IN SUCH COURTS. FURTHER, THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY CLAIM THAT SUCH SUIT, ACTION, OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SERVICE OF ANY PROCESS, SUMMONS, NOTICE, OR DOCUMENT BY CERTIFIED MAIL ADDRESSED TO A PARTY AT THE ADDRESS DESIGNATED PURSUANT TO SECTION 7(g SHALL BE EFFECTIVE SERVICE OF PROCESS AGAINST SUCH PARTY FOR ANY ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT. A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT MAY BE ENFORCED IN ANY OTHER COURT TO WHOSE JURISDICTION ANY OF THE PARTIES IS OR MAY BE SUBJECT.

(c) **Addendum and Sub-Plans**. Notwithstanding any provisions in this Agreement, the RSUs shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement. Further, the Plan shall be deemed to include any special terms and conditions set forth in any applicable sub-plan for Participant's country, and, if Participant relocates to a country for which the Company has established a sub-plan, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

(d) **Entire Agreement; Enforcement of Rights; Amendment**. This Agreement, together with the Plan and the Grant Notice, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior or contemporaneous discussions between them. Except as contemplated by the Plan, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement to the extent it would materially and adversely affect the rights of Participant. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection with the RSUs.

(e) **Severability.** If one or more provisions of this Agreement, the Grant Notice or the Plan are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties do not reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, the Grant Notice and the Plan, (ii) the balance of the Agreement, the Grant Notice and the Plan shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement, the Grant Notice and the Plan shall be enforceable in accordance with its terms.

(f) **Language.** If Participant has received this Agreement, the Grant Notice, the Plan or any other document related to the RSUs and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(g) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares allocated to the RSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Participant also acknowledges that the Applicable Laws of the country in which Participant is residing or working at the time of grant, vesting and settlement of the RSUs or the sale of Shares received pursuant to the RSUs (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Participant to additional procedural or regulatory requirements that Participant is and will be solely responsible for and must fulfill. Such requirements may be outlined in but are not limited to the Addendum. Notwithstanding any provision herein, the RSUs and Participant's participation in the Plan shall be subject to any applicable special terms and conditions or disclosures as set forth in the Addendum.

(h) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email or fax, or forty-eight (48) hours after being deposited in the U.S. mail or a comparable foreign mail service, as certified or registered mail with postage or shipping charges prepaid, addressed to the party to be notified at such party's address as set forth below, as subsequently modified by written notice, or if no address is specified below, at the most recent address, email or fax number set forth in the Company's books and records.

If to the Company, to:

SDC Financial, LLC
414 Union Street, 8th Floor Nashville, TN 37219
Attn: Chief Operating Officer

If to Participant, to: Participant's last residence shown on the records of the Company or its affiliates.

(i) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Facsimile, email or other electronic execution and delivery of this Agreement (including but not limited to execution by electronic signature or click-through electronic acceptance) shall constitute valid and binding execution and delivery for all purposes and shall be deemed to be, and have the effect of, an original signature.

(j) **Successors and Assigns.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of Participant under this Agreement may only be assigned with the prior written consent of the Company.

(k) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver to Participant by email or any other electronic means any documents, elections or notices related to this Agreement, the RSUs, the Shares allocated to the RSUs, Participant's current or future participation in the Plan, securities of the Company or any member of the Company Group or any other matter, including documents, elections and/or notices required to be delivered to Participant by applicable securities law or

any other Applicable Laws or the Company's Amended Certificate of Incorporation or Bylaws. By accepting this Agreement, whether electronically or otherwise, Participant hereby consents to receive such documents and notices by such electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated April 26, 2019, with respect to the consolidated financial statements of SDC Financial, LLC and subsidiaries included in the Registration Statement (Form S-1) of SmileDirectClub, Inc. for the registration of its common stock.

/s/ Ernst & Young LLP

Nashville, Tennessee
August 15, 2019

Exhibit 23.3

FROST & SULLIVAN

Date: July 11, 2019

The Board of Directors
SmileDirectClub, Inc.
414 Union Street
Nashville, Tennessee 37219

Dear Sirs:

We, Frost & Sullivan of 331 E. Evelyn Ave., Suite 100, Mountain View, California, 94041, hereby consent to the filing with the Securities and Exchange Commission of a Registration Statement on Form S-1 (the "S-1") of SmileDirectClub, Inc.. and any related prospectuses of (i) our name and all references thereto, (ii) all references to our preparation of an independent overview of the Global Total Addressable Market Assessment for Invisible Aligner Products for Pegasus Report (the "Industry Report"), and (iii) the statement(s) set out in the Schedule hereto.

We further consent to the reference to our firm, under the caption "Market, Industry, and Other Data" in the S-1, as acting in the capacity of an expert in relation to the preparation of the Industry Report and the matters discussed therein.

Yours faithfully,

/s/ Debbie Wong

Name: Debbie Wong
Designation: Director of Consulting
For and on behalf of
Frost & Sullivan

SCHEDULE

1) Our total addressable market is greater than 120 million people in the U.S. and approximately 500 million people globally, according to a Frost & Sullivan study. This study estimates the market by analyzing country-specific data related to malocclusion prevalence, age demographics, and income demographics. For age demographics, the study considers people between 12 and 64 years of age. For income demographics, the study considers the number of people who can afford a monthly payment plan for clear aligners, as measured by country-specific income levels and estimated discretionary spend levels.

2) Our total addressable market is greater than 120 million people in the U.S. and approximately 500 million people globally.

Exhibit 99.1

Consent of Director Nominee of SmileDirectClub, Inc.

I hereby consent to being identified as a director nominee in the Registration Statement on Form S-1 of SmileDirectClub, Inc. and all pre and post-effective amendments and supplements thereto, including the prospectus contained therein, and to all references to me in connection therewith and to the filing of this consent as an exhibit to such Registration Statement and any amendments or supplements thereto.

/s/ William H. Frist

Name: William H. Frist

Date: August 9, 2019

Exhibit 99.2

Consent of Director Nominee of SmileDirectClub, Inc.

I hereby consent to being identified as a director nominee in the Registration Statement on Form S-1 of SmileDirectClub, Inc. and all pre and post-effective amendments and supplements thereto, including the prospectus contained therein, and to all references to me in connection therewith and to the filing of this consent as an exhibit to such Registration Statement and any amendments or supplements thereto.

/s/ Richard Wallman

Name: Richard Wallman

Date: August 11, 2019