smile DIRECT CLUB

Q4 2021

Forward-Looking Statements

This presentation contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Forward-looking statements generally relate to future events and include, without limitation, projections, forecasts and estimates about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans, and objectives. Some of these statements may include words such as “expects,” “anticipates,” “believes,” “estimates,” “targets,” “plans,” “potential,” “intends,” “projects,” and “indicates.”

Although they reflect our current, good faith expectations, these forward-looking statements are not a guarantee of future performance, and involve a number of risks, uncertainties, estimates, and assumptions, which are difficult to predict. Some of the factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, the forward-looking statements include, but are not necessarily limited to: the duration and magnitude of the COVID-19 pandemic and related containment measures; our ability to manage our growth; the execution of our business strategies, implementation of new initiatives, and improved efficiency; our sales and marketing efforts; our manufacturing capacity, performance, and cost; our ability to obtain future regulatory approvals; our financial estimates and needs for additional financing; consumer acceptance of and competition for our clear aligners; our relationships with retail partners and insurance carriers; our R&D, commercialization, and other activities and expenditures; the methodologies, models, assumptions, and estimates we use to prepare our financial statements, make business decisions, and manage risks; laws and regulations governing remote healthcare and the practice of dentistry; our relationships with vendors; the security of our operating systems and infrastructure; our risk management framework; our cash and capital needs; our intellectual property position; our exposure to claims and legal proceedings; and other factors described in our filings with the Securities and Exchange Commission, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2021.

New risks and uncertainties arise over time, and it is not possible for us to predict all such factors or how they may affect us. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We are under no duty to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

Market and Industry Data

This presentation also contains estimates and other statistical data obtained from independent parties and by us relating to market size and growth and other data about our industry and ultimate consumers. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates and data. In addition, projections, assumptions, and estimates of our future performance and the future performance of the geographic and other markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, including adjusted EBITDA (“Adjusted EBITDA”) and Free Cash Flow. We utilize certain non-GAAP measures, including Adjusted EBITDA, and Free Cash Flow to evaluate our actual operating performance and for planning and forecasting of future periods. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. We provide a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures in the appendix to this presentation and in our Current Report on Form 8-K announcing our quarterly earnings results, which can be found on the SEC’s website at www.sec.gov and our website at investors.smiledirectclub.com.

This presentation is a supplement to, and should be read in conjunction with, **SmileDirectClub’s** earnings release for the quarter ended December 31, 2021.

A Brand Customers Love & A Business Positioned for Growth.

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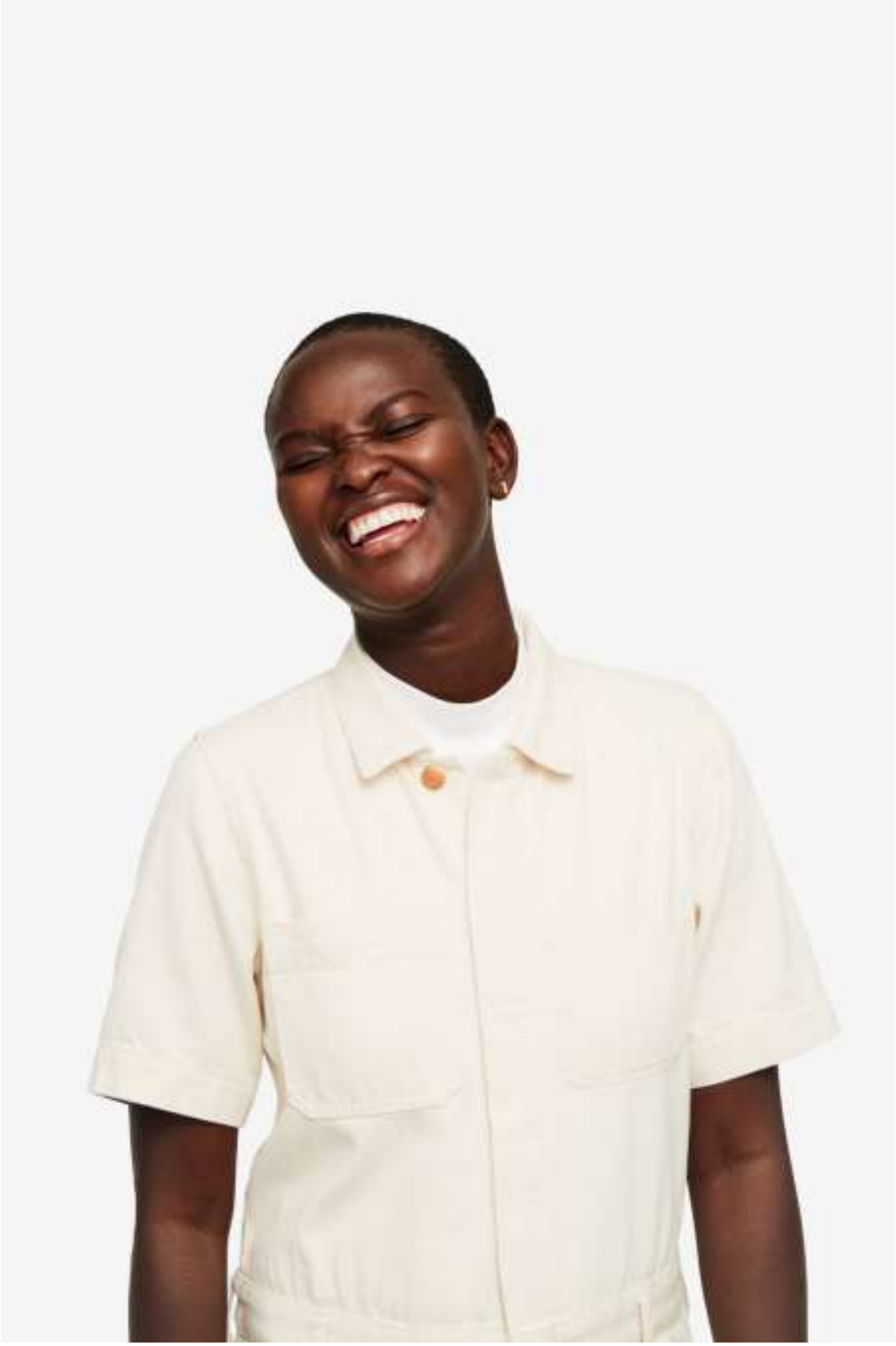


WHATWE STAND FOR

Our mission is to democratize access to a smile each and every person loves by making it affordable and convenient for everyone.

HOW WE DO IT

By providing our club members 24/7 access to their doctor through our proprietary telehealth platform and guaranteeing our members' results for life!

Brand and business model are well positioned to take advantage of large market with unique set of strategic assets.

1 Large and growing market	▪ Global orthodontics market is large and underserved, and TAM is expanding as aligners are more accessible ▪ Secular shift from wires and brackets to clear aligners ▪ COVID-19 has accelerated facetime: we've never been more aware of our own smiles
2 Trusted brand among customers & professionals	▪ Brand that consumers love (more than 1.5M smiles straightened) ▪ #2 largest aligner brand and #1 largest DTC orthodontics brand in the world ▪ Premier teledentistry platform offering consumers accessibility & convenience
3 Leading orthodontic DTC franchise	▪ Largest DTC franchise in the world provides attractive unit economics and substantial growth despite temporary macroeconomic factors ▪ Strong omnichannel presence maximizes consumer addressability ▪ Closed loop system offers optimal conversion from sophisticated CRM strategy and opportunities to enhance clinical outcomes from robust data library
4 Differentiated value proposition via teledentistry platform	▪ Complementary to DTC offering, meeting patients where and when they are: in-chair or at home ▪ Professional channel strategy enhances options for consumers to seek treatment, broadening addressability ▪ Addresses key consumer demands offering convenience, access and lower cost of care
5 Vertically integrated model	▪ Substantial investment in treatment planning, manufacturing, contact center and teledentistry platform ▪ >$300M of capex, including streamlined state-of-the-art manufacturing facility in Tennessee ▪ Vertically integrated model allows business to gain profitable leverage on scale and effectively focus on the end-to-end customer experience

Evolving backdrop catalyzing sustained long-term invisible aligner demand.

We've never been more aware of our own smiles	Aesthetic demand has never been more pronounced	Consumers demanding accessibility & convenience in all aspects of consumption

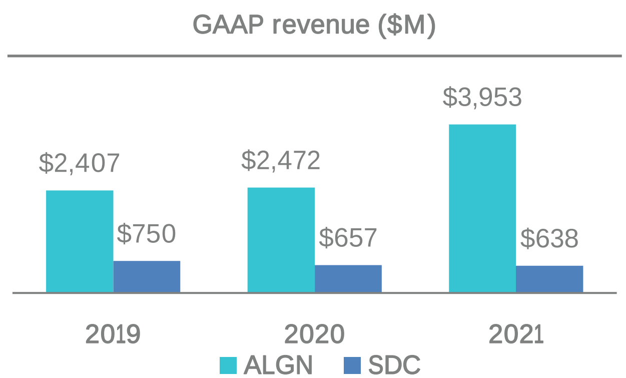
>50% of US adults dissatisfied with their smile

~85% of global population with malocclusion

airbnb, CARVANA, chewy, headspace, prime, TELADOC., Uber, wayfair

ALIGNER THERAPY INCREDIBLY WELL POSITIONED

Align and SDC are the top leading independents in the clear aligners category today



GAAP gross profit margin (%)

2019	2020	2021
72% / 76%	71% / 69%	74% / 72%

Market opportunity is too large for only one winner

500M Total addressable aligner therapy patients

>$500B Global total addressable market

HOWEVER...

SDC key competitive advantages

- Access: Teledentistry platform combined with professional program enhances access for all members
- Convenience: Virtual care eliminates need for multiple regular visits to dentist offices
- Cost: 60% lower costs than Invisalign
- Breadth: Complete oral care brand, with everything to straighten, whiten, clean and keep your mouth healthy

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Increasing consumerism mandating providers to offer alternative delivery options.

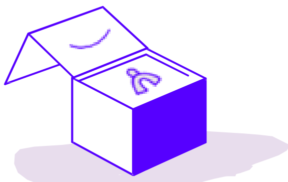
- Healthcare increasingly a consumer-driven industry
- Prospective patients = consumers who want multiple options for how they engage with service providers
  - Omni-channel maximizes consumer addressability
  - Virtual, in person, mobile, etc. – all critical to maximize consumer addressability
- Consumers seek care options via both trusted clinician recommendations as well as strong consumer branded options for self-directed care
- In-office care solutions are an important complement to the DTC solutions
  - Potential to segment into higher income and teen consumers
- Market is responding to these learnings
  - Professional channel solutions providers increasing focus on consumer-directed solutions
  - SDC developing professional channel and hybrid strategies

Market participants are increasingly bolstering offerings to address these dynamics

smile direct club	*Direct-to-Consumer* *Direct-to-Office*	Smile Brands Inc.; DECA Dental Group
straumann	*Acquisition of Smilink and Dr.Smile*	SMILINK; DR SMILE
Dentsply Sirona	*Acquisition of Byte Technologies and Propel Orthodontics*	byte; PROPEL
P&G	*Investor in Grin, a New-York based dental tech company*	GRIN
AspenDental	*Launched own clear aligner brand in Jun-21*	motto

We've brought >1.5MM smiles to customers worldwide through our professional network of >250 licensed Orthos & GPs.

1.5M+ smiles straightened



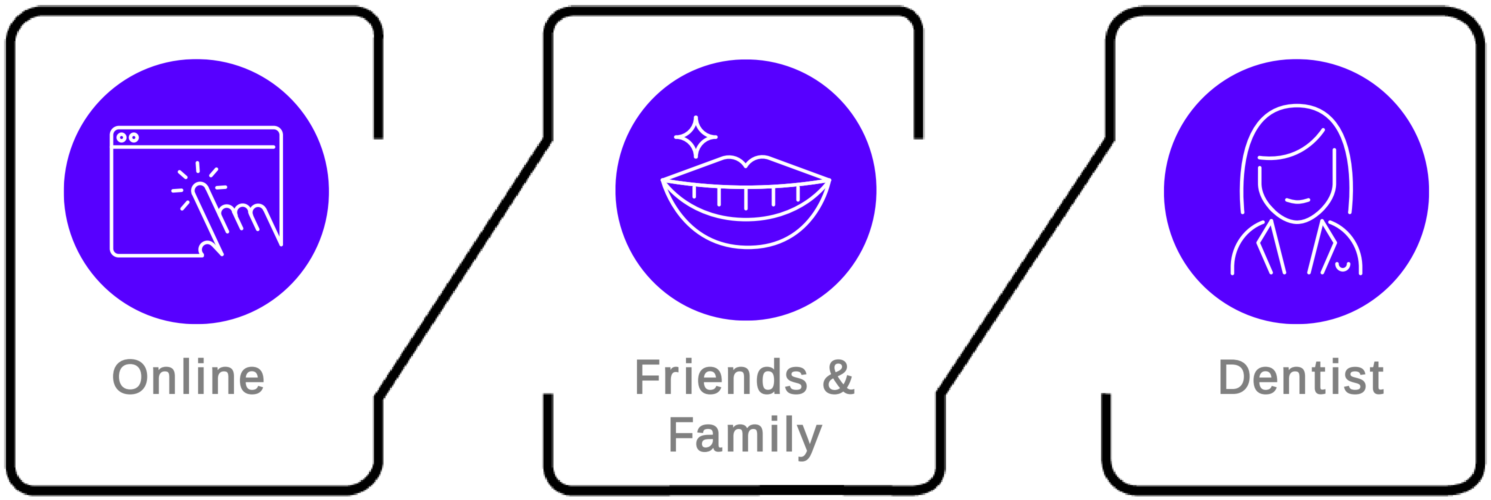
332K initial aligner orders shipped[1]

14M+ annual aligners trays produced[2]

250+ affiliated state-licensed orthodontists and dentists

1) Shipped in 2021. 2) Produced in 2021.

When customers are considering who to trust, they reference three important channels.



Consumers considering straightening their teeth typically do one or all of the following:

1. Search online to understand their options
2. Ask a friend or family member which option they should choose
3. Ask a dentist

Based on our research, our product and customer experience is competitive with Invisalign and 60% less expensive.[1] Our focus continues to be on improving perception across these three channels to continue to gain market share.

Changing perceptions, habits and beliefs is critical to the next phase of our growth as we work to expand our reach and overall share of the market. The following pages provide supplemental information to outline the progress we have made across these three channels.

[1] Source: Third-party market research firm research on file at SmileDirectClub; Based on over 1,200 respondents.

We have built a brand that our members love.

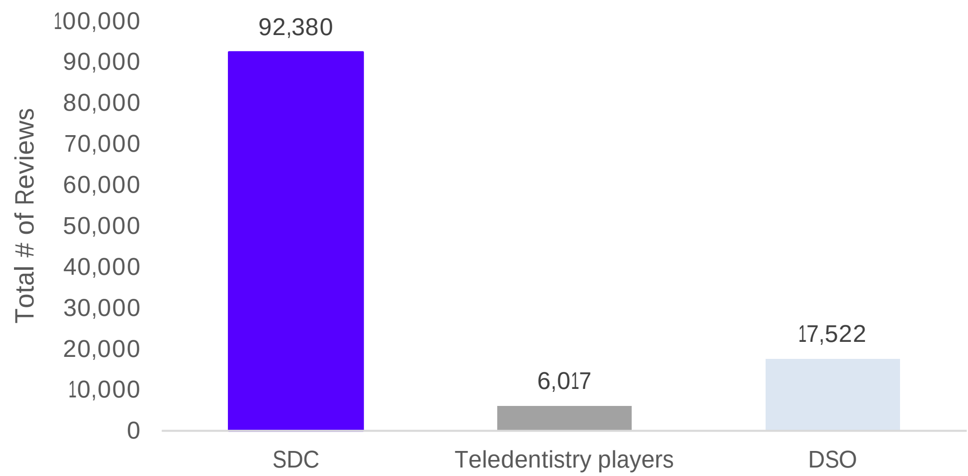
We have made considerable progress on brand perception, and our member satisfaction scores consistently track higher than Telehealth peers.

Avg Rating[(1)]
4.8/5.0 with over 90K member reviews.

Approx. 20% of members come from referrals.

BBB rating of
A+

Total Google/Trustpilot Reviews



“I’ve always struggled with my self image and mostly with my teeth. Yes, I’ve tried in past with braces. They’re super expensive and it’s such a long process to go through especially when you’re already an adult. I just recently got my SmileDirectClub journey started and it’s going great! I’ve never felt so great in my life.”

- Christina C., Holmen, WI

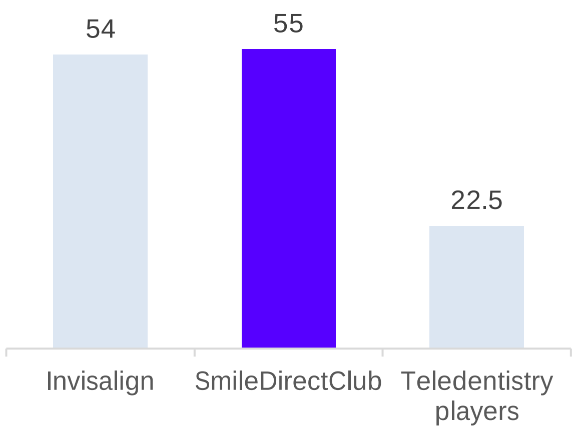
Source: Internal company surveys, public information. Data as of December 2021.
[1] Average of Google and Trustpilot Review Ratings.

Our unparalleled customer experience stands out amongst our teledentistry peers and is on par with Invisalign.

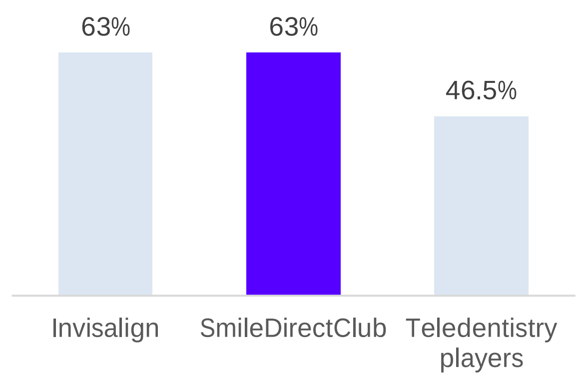
Findings from a survey commissioned by SmileDirectClub by a third-party market research firm with significant expertise in oral care[1]:

- Overall, SmileDirectClub and Invisalign patients are claiming an identical experience between SDC and Invisalign, yet we charge 60% less in price and are more convenient.
- Our NPS score was 55 and Invisalign's was 54 compared to an average of 22.5 for other teledentistry players.
- Compared with SDC customers, fewer customers of other teledentistry platforms would recommend the brand and fewer reported being satisfied with customer support.

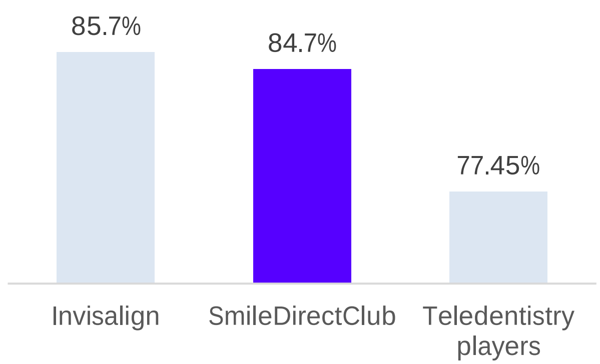
Third-party NPS scores[2]



Customers likely to recommend



Customer satisfaction with support received



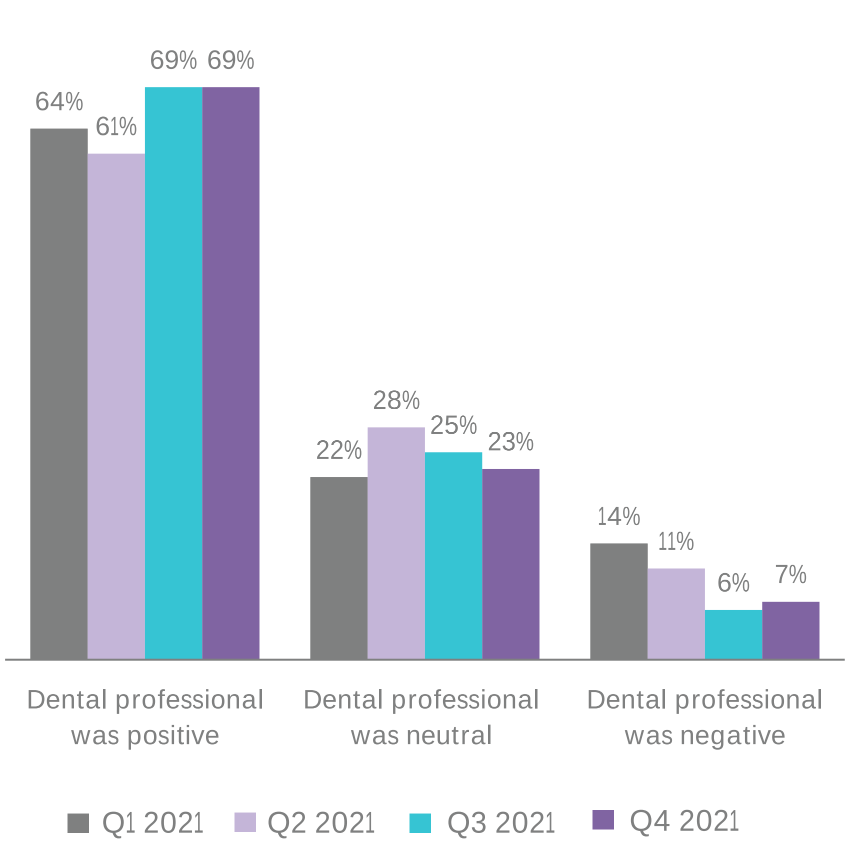
[1] Source: Third-party market research firm research on file at SmileDirectClub; Based on over 1,200 respondents.
[2] Third-party NPS scores were independently sourced and calculated surveying 831 customers who completed clear aligner therapy with SDC, Invisalign, or teledentistry competitors in the last 12 months..

75% of customers consult with a dental professional when **considering their options for teeth straightening…**

Of those who consulted with a dental professional, 69% indicated positive experience with SmileDirectClub

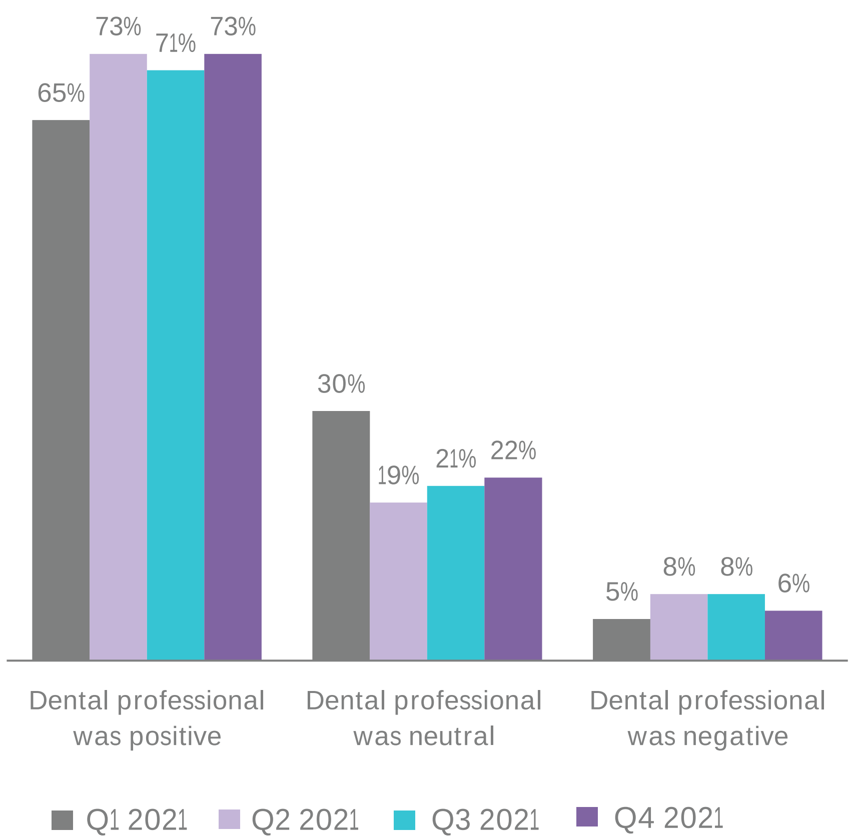
SmileDirectClub

(Previous treatment) Please describe whether you consulted with a dental professional and whether they were positive, negative or neutral on the treatment option[1]



Invisalign

(Previous treatment) Was the dental professional positive, negative or neutral on the treatment options? [2]



Source: U.S. brand tracker (general population): Q4 2021. 1) 446 responses. 2) 568 responses.

...and we continue to make progress in building credibility with the dental community.

We have a huge growth opportunity with GPs and the Partner Network. Doctors have high awareness of SmileDirectClub, are open to our offering, and are compelled by our value proposition.

200K
General Practices (GPs) in North America looking to grow their patient base and revenue

85% - 90%
People worldwide eligible for treatment – a missed opportunity for GPs

85%
SDC's awareness with GPs is second only to Invisalign (95%)[1]

2%
Total GP revenue that is orthodontics

61%
Doctors who have some degree of interest in being part of our Partner Network and offering SmileDirectClub to patients[1]

Grow revenue
The reason GPs are most interested in joining the Partner Network[1]

Our industry memberships, affiliations and partnerships are growing, most recently with the American Academy of Clear Aligners (AACA), which has turned from actively campaigning against SDC to asking us to become a member as demonstrated by their recent retraction in the AACA Journal Fall 2021 Issue.[2]

AMERICAN ACADEMY of CLEAR ALIGNERS | NATIONAL DENTAL ASSOCIATION | AADB | ATDA American TeleDentistry Association | ata MEMBER | WOMEN IN DSO | ADSO Association of Dental Support Organizations

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[1] Source: Brand tracking survey with Aegis trade media publishers
[2] Academy of Clear Aligners Fall 2021 Issue: AACA Digs Deeper. Published November 1. (Pages 10, 12.) Go to: https://bit.ly/3CITzsd for a copy of the report

Customers continue to choose SDC – now with even more options.

Orthodontists have traditionally purchased invisible aligners from a wholesaler or manufacturer, marked up the cost by 3x, and then sold them to consumers for $5,000-$8,000. SDC proprietary telehealth platform offers consumers the ability to get the same clinically safe and effective treatment, but without the 3x markup.

Credibility

1.5M members treated, with a brand at scale that members love

- Treatment plan is tailored using proprietary telehealth platform
- All doctors have 5+ years of aligner experience
- 100% of aligners are made in FDA registered and ISO certified 3D printing facility in Tennessee

Certainty

Customers enjoy a new smile in as little as 4 - 6 months

- Efficacy of teleorthodontic treatment with clear aligners validated by clinical research
- Customers can start seeing results in as little as 60 days, and they can be certain in their outcome
- All smiles come with a lifetime smile guarantee
- Better oral hygiene – customers can brush and floss without brackets in the way
- Deliver all aligners and retainers directly to the customer, upfront

Comfort

Laser-cut aligners look and feel better than ever

- ComfortSense is a unique soft, medium, firm plastic, which provides for more gradual movements and a more comfortable fit
- Smooth edges and a custom-shaped aligner means less overlap and irritation of the gumline
- Matte finish gives aligners a natural look
- No buttons, attachments, or IPR
- Two ways to wear aligners: 22 hours a day, or 10 continuous hours only at night

Convenience

In-office visits optional with three ways to get started

- Club members use the telehealth platform for face-to-face remote check-ins with their doctor
- Members can start treatment from SmileShops, at partner dental locations, or at home using an impression kit
- All aligners arrive up front – customers never wait on their next set
- Experienced dental team is available 24/7 via text, video chat, email or phone
- Customers use the app to track and manage their entire treatment

Cost

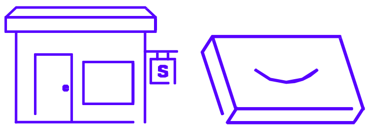
SDC aligners cost as little as $3 / day

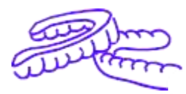
- Two ways for customers to pay: one single payment or monthly over 24 months
- 100% approval on financing, no credit check, no paperwork
- In network with most major health insurers
- Customers can use HSA, FSA, and CareCredit funds
- All aligner touch-ups are included
- Whitening is included

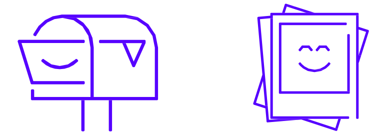
Utilizing clinically distinguished teledentistry to offer clear aligners affordably and conveniently.

Traditional orthodontic model	smile DIRECT CLUB
Cost	
$5,000 – $8,000	$1,950
Convenience	
10 – 15 orthodontist visits	Doctor-directed remote teledentistry In-office visit optional
12 – 24 months	5 – 10 months
	Kits, SmileShops, dentist office
Access	
Limited access to treatment *(Only approximately 40% of U.S. counties have orthodontists)*	Access across U.S., Canada, U.K., France, Australia and Ireland
Financing	
Barred by poor credit	Captive financing for accessible credit 100% approval rating

Smile journey is managed with a proprietary, and clinically distinguished, teledentistry platform, SmileCheck.







3D image	Treatment setup & purchase	Manufacturing	Treatment & maintenance
3D image or impression kit	Treatment plan setup, doctor review, & purchase	Aligner manufacturing & fulfillment	Teledentistry platform for doctor monitoring & communication

Why manage the entire process?

Optimizing key drivers. Process engineering across the member journey allows SDC to control key KPIs, such as show rates for SmileShop appointments and acceptance or return rates for impression kits.

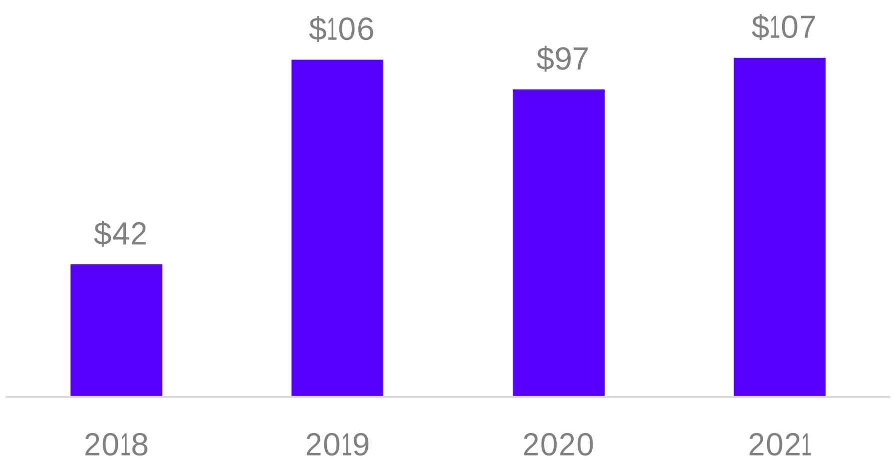
Urgency matters. Within 24-48 hours of the 3D image capture, dental technicians and doctors work together to create and approve a treatment plan in SmileCheck, while a 3D preview of the new smile is sent to the member. The speed of treatment plan design aids in the purchase decision.

Saving time and money. SDC is vertically integrated, and their 3D printing and automated aligner production allows them to pass these manufacturing savings on to their members. Vertical integration also enables SDC to efficiently scale to meet growth demands.

Ensuring excellent results. SDC's teledentistry platform allows the treating doctor to follow the journey from the beginning all the way through retainer purchase. Members register their aligners for reminders, communicate with dental professionals, and send mandatory progress photos that are reviewed by their doctor.

Substantial strategic value in vertically integrated business model.

Historical Capex Over Time ($M)



Facilities Overview

Antioch & Columbia, TN

- 210K sq. ft combined

Alajuela, Costa Rica

- 45K sq. ft.

Commentary

- Vertically integrated business model allows the company to gain profitable leverage on scale and provide customers the best experience possible
- Nashville, TN state-of-the-art facility represents America's largest 3D printing and clear aligner production facility
- >$300M capex over last 3 years resulted in streamlined manufacturing, positive trends and better customer experience
  - Faster turnaround times
  - Greater productivity and reduced labor
  - Reduction in scrap
  - Higher quality aligner trays
- Investment in proprietary treatment planning software and virtual tools drive greater automation, improved outcomes and better customer experience
- 2nd gen machines producing 90% of aligners
- Full redundancy back up facility in Columbia, TN

Produced 14M+ individual aligner trays in 2021, averaging over 40K per day

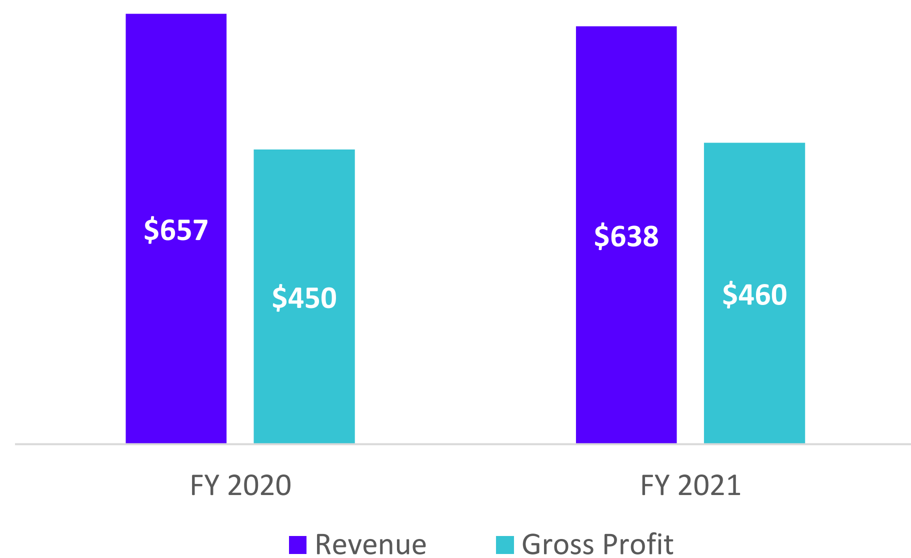
Q4 Financial Results.

Q4 2021 Results.

- Revenue for the quarter was $126.3 million, which is down (31.6%) year-over-year and (8.3%) over Q3 2021, primarily due to the continuation and acceleration of macroeconomic headwinds in the core demographic.
- Gross margin for the quarter was 65%, which represents an 883 bps decline year-over-year, and a 650 bps decline compared to Q3 2021. This decline is primarily due to deleverage on fixed cost from the decline in revenue and 1-time costs associated with SmileOS startup and lower retail margin associated with higher operational expense and excess inventory costs.
- Q4 Adjusted EBITDA[(1)] was $(61.6mm) for the quarter, down compared to prior quarter due to the revenue headwinds noted above.
- Net loss for the quarter was ($95.4mm)

	Q4 2021	*QoQ*	*YoY*
Net Revenue	$ 126.3mm	*(8.3%)*	*(31.6%)*
Gross Profit	$ 81.9mm	*(16.6%)*	*(39.8%)*
Gross Margin %	*64.9%*	*(651bps)*	*(883bps)*
Adjusted EBITDA[(1)]	$ (61.6mm)	*(14.1%)*	*NM*
EPS, Diluted	$ (0.25)	*NM*	*NM*

Full Year Revenue & Gross Profit *($ in millions)*



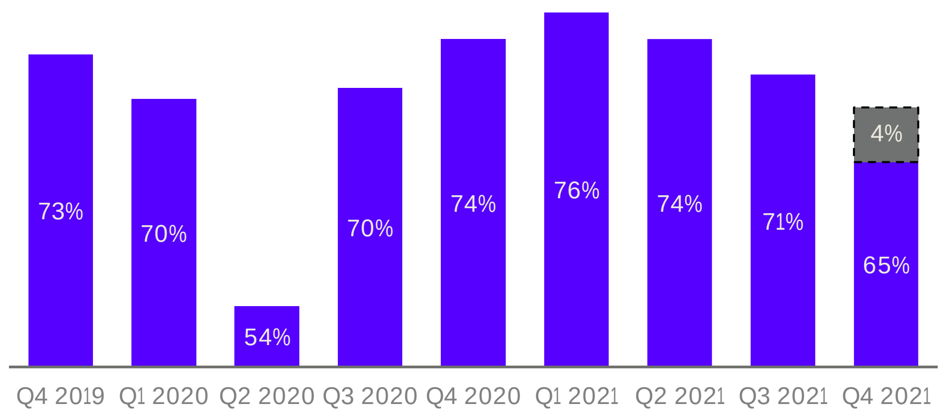
Full Year 2021 revenue is down 2.9% compared to Full Year 2020, while FY Gross Profit was up 2.2%

(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

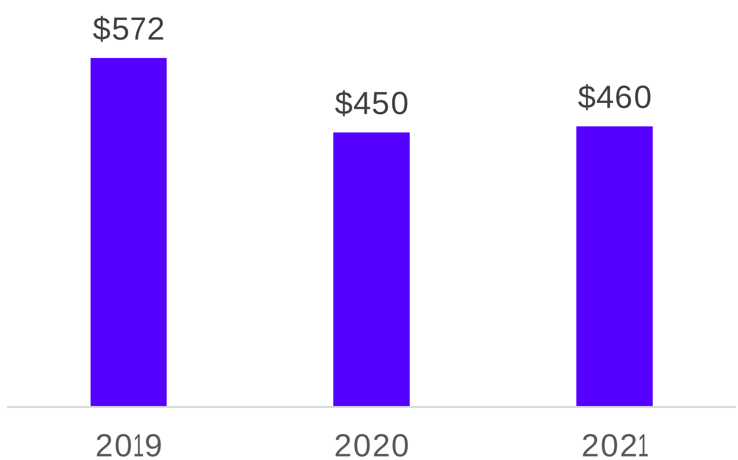
Gross Margin.

- Gross margin for the quarter was 65%, which represents a 651 bps decline compared to Q3 2021. This decline is largely attributable to deleverage from the decline in revenue along with the following items:
  - One-time costs related to the implementation of our internal treatment planning software, SmileOS and lower retail margin, primarily due to higher expansion costs and excess inventory costs. Total one-time costs had an approximate 400 bps impact on margin in Q4 2021.
- On COGS, we have continued to make great progress on manufacturing automation with our 2nd Gen machines now producing approximately 91% of our aligners, which is continuing the sequential trend from 84% in Q2 2021 and 89% in Q3 2021.

Gross margin %



Gross Profit



Marketing & Selling.

- Marketing and selling expenses were $99 million, or 78.6% of net revenue in the quarter.
  - These results reflect a significant investment in brand building Internationally to support long-term growth
  - Investments in ROW markets will decline as we exited targeted markets subsequent to Q4 results

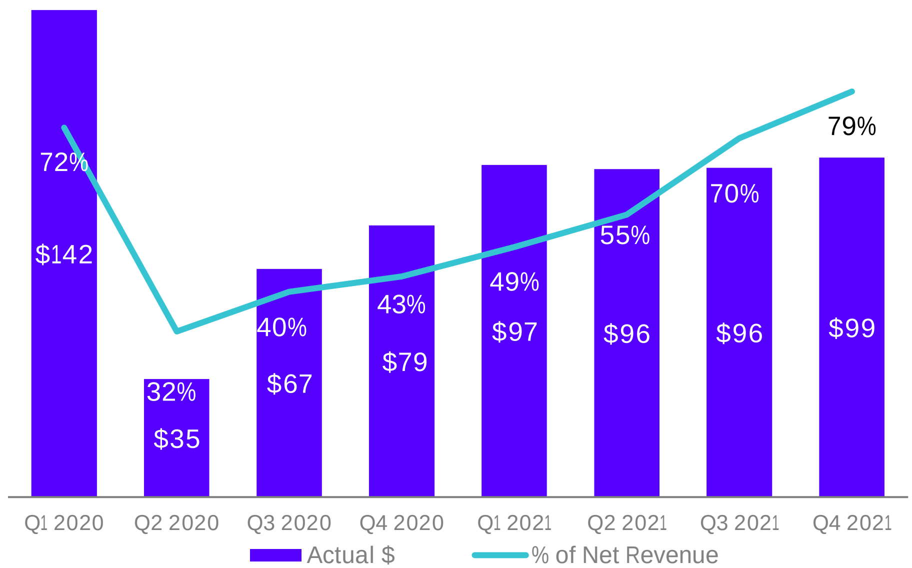
- On locations, we had 188 permanent SmileShop locations as of quarter end and held 180 pop-up events over the course of the quarter, for a total of 368 location sites – up sequentially from 365 at Q3 20221 and an increase year-over-year from 218 at Q4 2020.
  - Pop-up events are a critical component to supporting our demand, function in the same capacity as a permanent SmileShop.

- Current Partner Network global locations are now 657 active or pending training
  - Active pipeline of approximately 1,200 locations
  - The value proposition of the Partner Network is very compelling given the incremental revenue to GP's, it's highly profitable due to minimal chair time, and the added value of leads we generate on their behalf.

Referrals as a % of Aligner Orders

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
20%	21%	23%	22%	21%	21%	20%	20%

Marketing & selling expenses *($ in millions)*

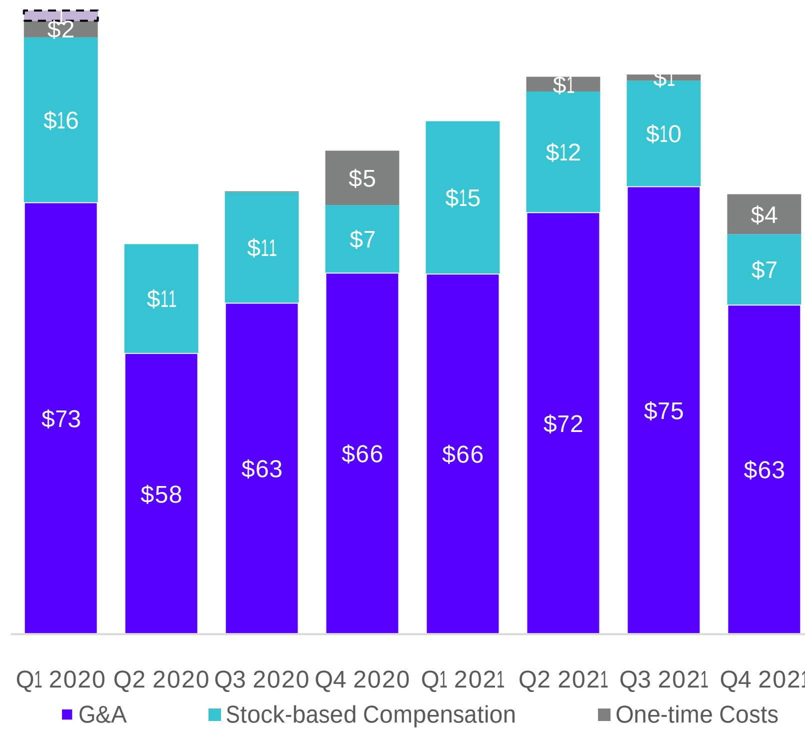


Marketing & selling expenses *($ in millions)*

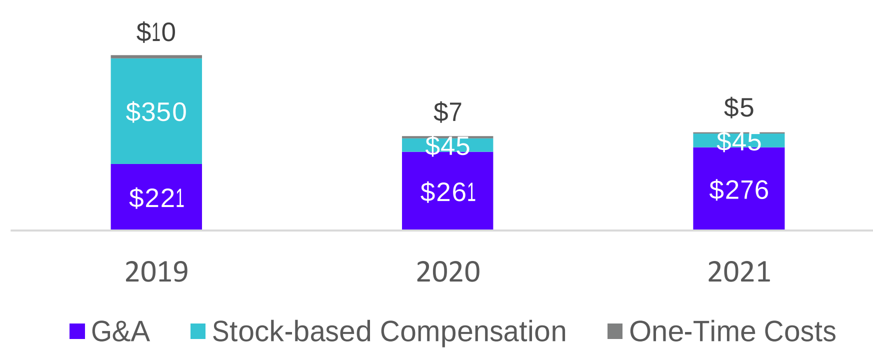
General & Administrative.

- General and administrative were $74 million in Q4, compared to $86 million in Q3 2021
- We plan to stay vigilant with cost control throughout 2022 and beyond, as we focus on continuing to leverage this line item.
- One-time expenses includes $4 million in legal settlement costs with stock-based compensation lower
- The $63 million in base G&A includes a $9 million reversal of incentive compensation costs based on full year results.

G&A expenses[(1)] *($ in millions)*



G&A expenses[(1)] *($ in millions)*

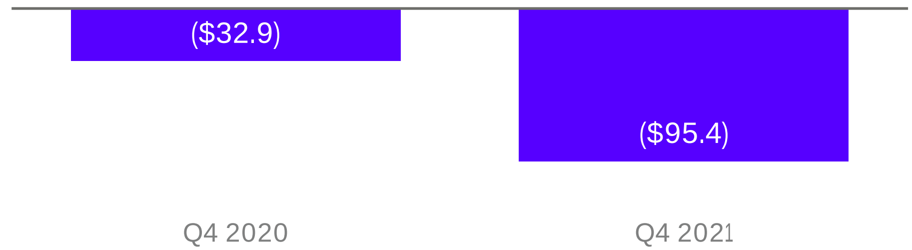


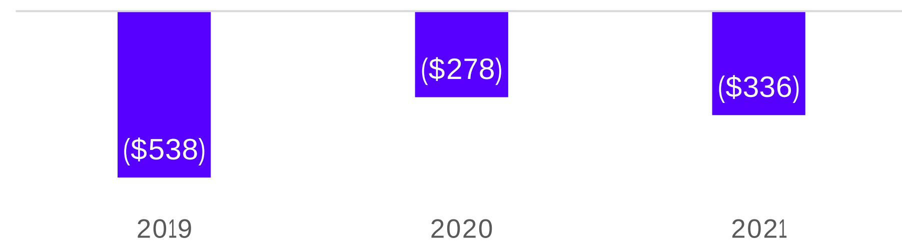
(1) Percentages represent G&A as a percent of revenue, excluding stock-based compensation and IPO and other one-time costs..

Other expenses, Adj. EBITDA, and Net income.

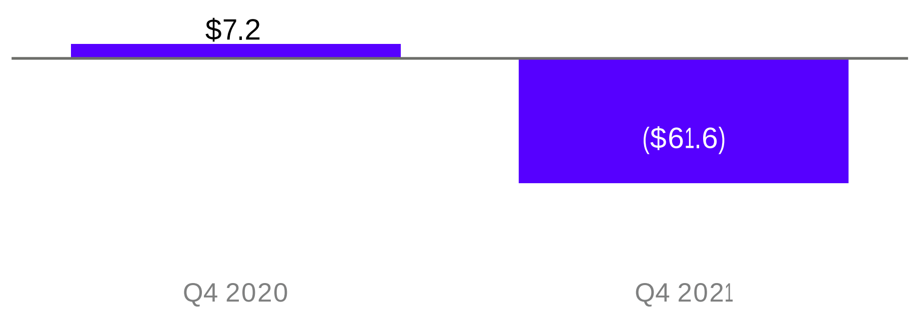
- Interest Expense:
    - Totaled $1.9 million in Q4 2021, of which $1.1 million was deferred loan costs associated with the convert we issued earlier in the year, $830K was related to leases.
- Other:
    - Other store closure and related costs were ~$2.0 million primarily related to international facility closure costs
- Q4 Adjusted EBITDA[1] was $(61.6) million for the quarter
    - US/Canada Adjusted EBITDA was $(34.0) million
    - Rest of World Adjusted EBITDA was ($27.6) million

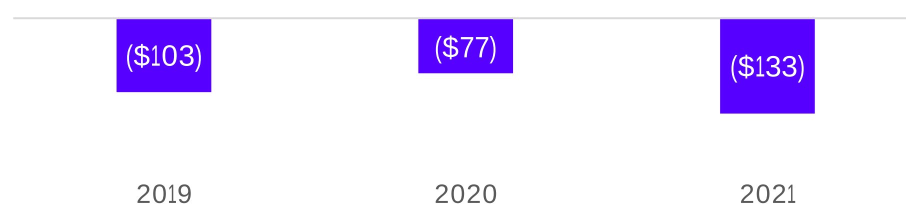
Net income (Loss) *($ in millions)*





Adj. EBITDA[1] *($ in millions)*





(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

Balance sheet highlights.

- We ended Q4 with $224.9 million in cash and cash equivalents.
- Cash from operations for the fourth quarter was $(43.5) million.
- Cash spent on investing for the fourth quarter was $36.3 million, mainly associated with capitalized software, and manufacturing automation and facilities.
- In Q4 2021, SmilePay, which drives our accounts receivable, as a percentage of total aligners purchased was 58.5%, which is lower to Q3 2021 by 100 bps. For the full year 2021 SmilePay represented 60.2% of aligners purchased.
- Overall, SmilePay delinquency rates continue to be inline with past performance

($ in millions)	Q4 2020	Q4 2021
Cash	$316.7	$224.9
Debt	$408.6	$741.0
Accounts Receivable, Net	$293.3	$243.8
Cash Flow from Operations	($14.9)	($43.5)
Cash Flow from Investing	($28.4)	($36.3)
Free Cash Flow[1]	($43.3)	($79.8)

(1) Free Cash Flow is a non-GAAP financial measure. See appendix for definition of Free Cash Flow.

2022 Guidance & Macro Customer Impacts.

2022 guidance includes strategic actions to reduce costs and increase profitability.

>$120MM in total cash savings from strategic investment reductions

COGS & OPERATING EXPENSE

$5-10MM from COGS production efficiency gains

- Right-sized staffing model in anticipation of new demand expectations
- Prioritized automation initiatives to drive improved productivity

$45-50MM from exiting international markets (YOY revenue loss of $15MM)

- ~$30MM in S&M from removing shops, not paying partner fees or brand building marketing
- ~$20MM in G&A from local and corporate overhead reductions

$25-$30MM from remaining markets and corporate support

- Savings achieved by prioritizing initiatives, which enabled reduced team members and project spend

CAPEX

$35-$40MM

- Reduced project spend for redundancy expansion
- Further prioritization of initiatives with clear line-of-sight to <1 year payback in incremental spend

2022 Annual Guidance.

Flat revenue with stronger gross margin and reduced operating costs driving stronger EBITDA margins and reduced CapEx optimizing investment spend

REVENUE

Between $600MM to $650MM

- Low end represents continued worsening of core consumer
- High end assumes macro headwinds eases in back half of 2022

COSTS & CAPITAL

Gross Margin: 72.5% to 75.0%

- Efficiencies gained with increased aligner volumes leveraging fixed costs

Adjusted EBITDA(1): ($75MM) to ($25MM)

- Range largely driven by top line revenue results

Capex: $60MM to $70MM

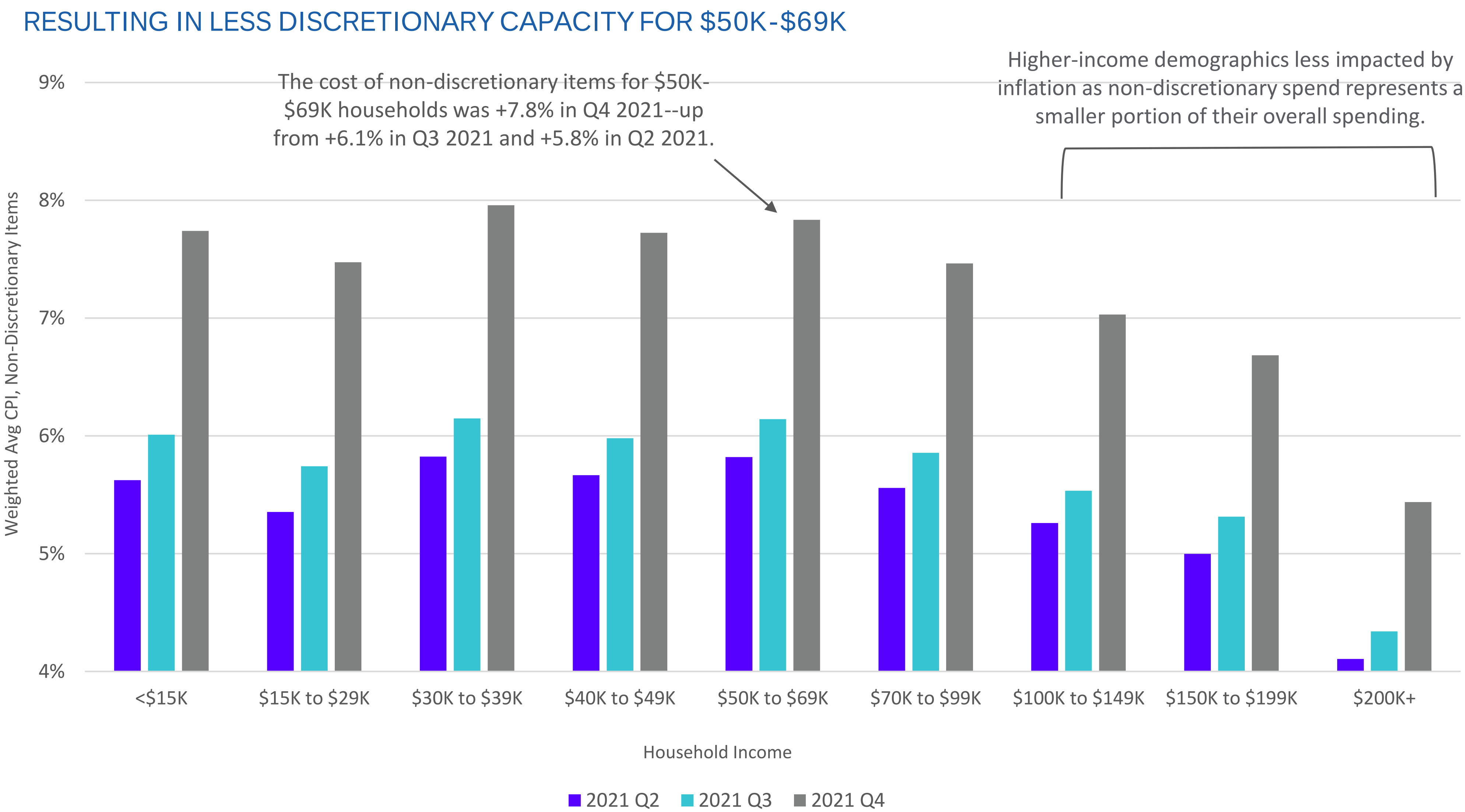
One-Time Costs: $20MM to $25MM

- Reorganization costs which may include lease buyouts, asset impairments related to the closure of regional operating centers and SmileShops, and employee-related costs, including severance and retention payments, associated with the organizational changes

Revenue and expense guidance does not include any outsized contributions or investments in an accelerated expansion of the Partner Network or Smile Shop footprint

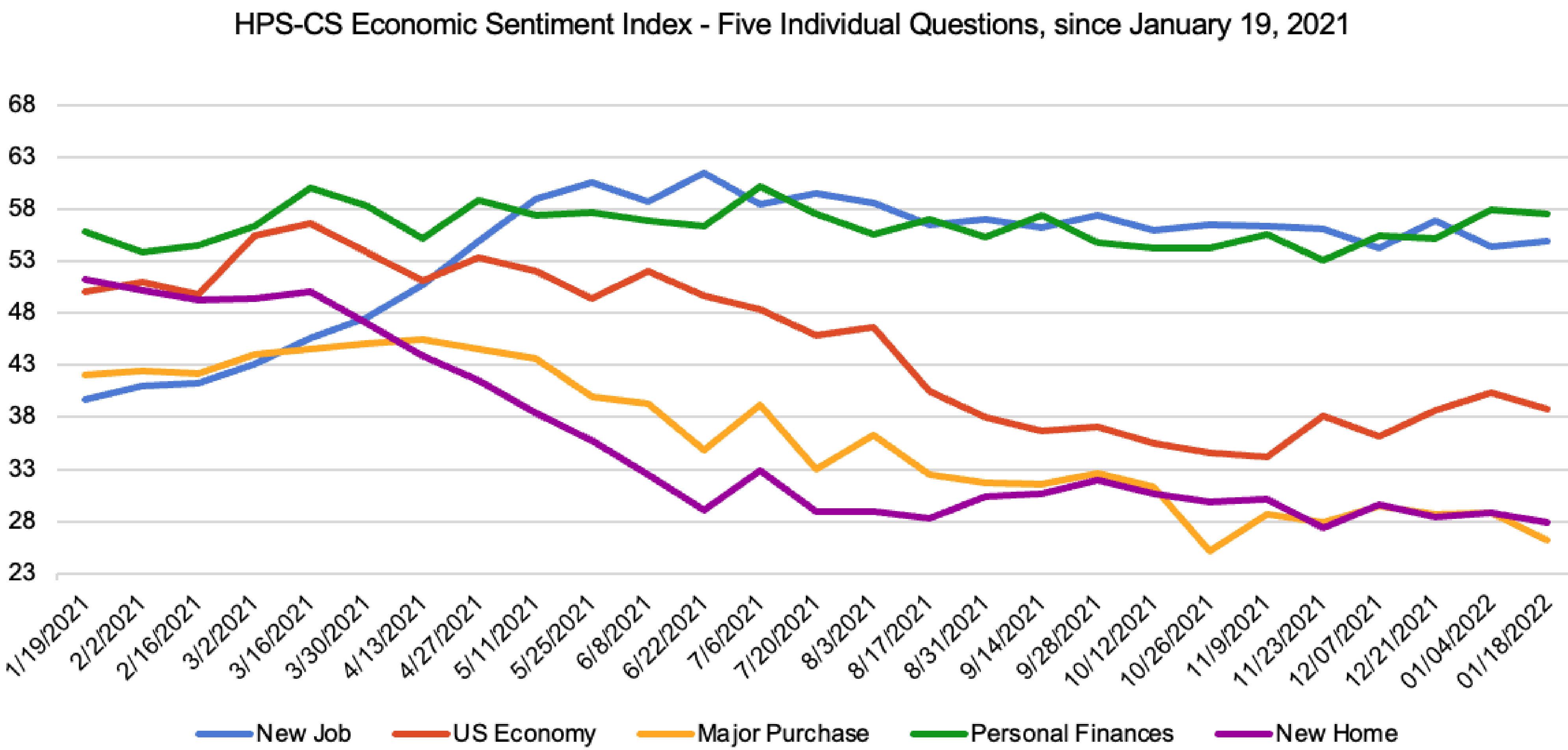
(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

Our customer is still experiencing outsized price increases of non-discretionary purchases.



Source: Bureau of Labor Statistics, U.S. Census Bureau

Economic sentiment on major purchases remains down since April 2021.



Source: ESI: January 19, 2022 Publication Titled 'Economic Sentiment Regresses After Six Weeks Of Steady Growth' URL: https://hps-civicscience.com/economic-sentiment-regresses-after-six-weeks-of-steady-growth/

Long-term Outlook.

Long-term model guiding core business from 2022-2026.

Quicker share gains with higher income and traditional wire & brackets customers could result in growth expectations above the model outlined below

REVENUE

Mid-teens CAGR

- Aligner shipments expected to achieve 2019 levels by 2026
- Aligner Average Net Selling Price (ASP) growth of 4% to 5% annually
- Oral Care CAGR of 15% to 25%

COSTS & CAPITAL

Gross margin: ~50bps-100bps annual expansion

- Net of gross margin headwind from Oral Care business growth
- Increased aligner volumes leverages fixed costs
- Higher utilization mix of 2nd generation machines driving cost efficiencies

Selling & marketing: 300-350bps annual margin improvement

- Leverage on marketing spend from annual aligner pricing and modest gains in efficiency
- Profitable shop expansion through higher shop utilization

General & administration: 200-225bps annual margin improvement

- Spend growth approximates pace of inflation with expansion driven by leverage on revenue

Capex: 7% to 10% of revenue

- Expecting leverage on revenue growth

Factoring all items implies that we would expect to return to EBITDA profitability by 2023 and to positive cash flow by 2024 or 2025
Outlined model excludes any investments that may need to be made in order to achieve outsized growth in the professional channel or moving upstream into the traditional wire & brackets customer base

Multiple avenues to achieve outsized growth.

Growth Platforms

Channel / Product

Growth Drivers

Organic Volume Growth and Footprint Expansion

- ✓ Grow through organic customer penetration with normalizing economic backdrop
- ✓ Continue to focus marketing efforts to enhance brand awareness and adoption
- ✓ Strategic and disciplined SmileShop expansion in targeted markets and within dental offices

Retail Partnerships and Adjacent Product Expansion

- ✓ Expand LTV through additional oral care and ancillary products
  - ✓ Retainers
  - ✓ Whitening treatments
  - ✓ Oral care products
- ✓ Expand key retail partnership with Walmart and others, that serves as potential on-ramps to expand brand awareness

Professional Channel Network Growth

- ✓ Allows for broader omni-channel approach to more conveniently serve consumers via their modality of choice
- ✓ Expand care offering to include moderate to complex corrections
- ✓ Opportunity to penetrate traditional case starts by going upstream and capturing higher income consumer
- ✓ Natural upsell opportunity through dentist product recommendations

Successfully Target Higher Income Consumers

- ✓ Sell to higher income customer and teen segments
- ✓ Continuing to move upstream by adding premium features, services, and experience

Appendix.

Partner Network Overview.

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Professional channel go to market strategy.

This is complementary to our existing offering and removes friction for consumers who want an in-person dentist experience prior to treatment.

	SDC Member/ Dental Patient	Service Model	Value Delivered to Dentist
Partner SmileShop	SDC Member	• SDC SmileShop inside of dental practice • Member books through SDC and goes to dental practice for appointment • SDC Team provides initial assessment	• New potential dental patient • Monthly rent paid by SDC • No practice chair time
	Dental Office Patient	• Existing dental practice patient • SDC SmileShop inside of dental practice • Dental practice patient converts to purchase SDC aligners • SDC Team provides initial assessment	• Incremental revenue to practice through fees for services paid by SDC • Monthly rent paid by SDC • No practice chair time
Office Direct	Dental Office Patient	• Existing dental practice patient • Dental practice patient converts to purchase SDC aligners • Dental practice does initial 3D scan, SDC doctor network takes over treatment from there • Dental practice provides all initial assessment information	• Incremental revenue to practice through fees for services paid by SDC • Higher conversion vs. traditional clear aligners • Minimal chair time for practice
Referral Network	SDC Member	• Similar to Office Direct model above, but SDC sends leads who did not convert, or who want to book in a dental practice, or who could not be member without in office treatment first	• New potential dental patient • Incremental revenue to practice through revenue paid by patient • Minimal chair time for practice
Pop-up	SDC Member	• Similar to SDC SmileBus • Use dental practice where SDC does not have a SmileShop on a temporary basis. Opportunity to do this monthly • SDC Team provides initial assessment	• New potential dental patient

Partner network update.

- Partner Network Overview
  - Our Partnership Network is currently live or pending training in 657 global locations
  - A strong cadence of additions is expected during Q4 2021 and beyond, with approximately 1,200 locations in the pipeline
  - This acquisition channel is complementary and creates an on-ramp for consumers who want to start their journey in a dentist's chair
  - The Network drives traffic into our clinical partners to increase and introduce new patients

- Hired SVP of Partner Network, Brett Deaver in December 2021
  - 20+ years of health care experience (18 specifically in dental)
  - Experience building and leading large commercial teams and channels (sales, marketing, education, customer service and operations)
  - Created differentiated go-to-market strategies in low (patient) penetration, high growth markets (dental implants, aesthetic injectables and clear aligners)

- Productivity Focus
  - Near term focus on partner practice engagement and setup support
  - Investments to build out robust CSM team dedicated to engaging partners to streamline and accelerate onboarding and training for partner businesses
  - Optimizing onboarding, partner engagement incentives and support model in Q1/Q2 before rapid expansion of both inside sales and outside sales teams for broader market penetration

Other SEC Related Disclosures.

US/Canada vs. ROW.

	US & Canada			ROW		
Q4 2021 Comparison	Q4 2021	% of Total	QoQ	Q4 2021	% of Total	QoQ
Total Unique Aligner Orders Shipped	52,285	*79.1%*	*(6.1%)*	13,848	*20.9%*	*(2.5%)*
Average Aligner Gross Sales Price	$1,898	*N/A*	*1.1%*	$1,900	*N/A*	*(4.6%)*
Total Revenue	$102.6mm	*81.3%*	*(7.6%)*	$23.7mm	*18.7%*	*(11.3%)*
Gross Profit	$68.1mm	*83.1%*		$13.8mm	*16.9%*	
Gross Margin %	*66.4%*			*58.4%*		
S&M	$73.2mm	*73.8%*		$26.0mm	*26.2%*	
As % of Total Revenue	*71.4%*			*109.7%*		
G&A	$48.7mm	*69.9%*		$20.9mm	*30.1%*	
As % of Total Revenue	*47.5%*			*88.5%*		
Adj EBITDA(1)	$(34.0mm)	*55.2%*		$(27.6mm)	*44.8%*	

	US & Canada		ROW	
Full Year 2021 Comparison	FY 2021	% of Total	FY 2021	% of Total
Total Unique Aligner Orders Shipped	271,461	*81.7%*	60,929	*18.3%*
Average Aligner Gross Sales Price	$1,864	*N/A*	$1,969	*N/A*
Total Revenue	$525.4mm	*82.4%*	$112.2mm	*17.6%*
Gross Profit	$384.0mm	*83.5%*	$76.0mm	*16.5%*
Gross Margin %	*73.1%*		*67.7%*	
S&M	$298.1mm	*76.7%*	$90.4mm	*23.3%*
As % of Total Revenue	*56.7%*		*80.5%*	
G&A	$247.1mm	*75.9%*	$78.4mm	*24.1%*
As % of Total Revenue	*48.9%*		*69.9%*	
Adj EBITDA(1)	$(65.1mm)	*50.1%*	$(68.1mm)	*49.9%*

(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

Suspended International Markets Financial Profile.

In thousands	FY 2020	FY 2021
Net Revenue	$11,074	$15,034
COGS	$3,375	$6,078
Gross Profit	$7,699	$8,955
Gross Margin %	*69.5%*	*59.6%*
S&M Costs	$12,038	$32,387
As % of Total Revenue	*108.7%*	*215.4%*
G&A Costs	$14,515	$21,307
As % of Total Revenue	*131.1%*	*141.7%*
Adj EBITDA[1]	($17,028)	($40,174)
Adj EBITDA Margin	(153.8%)	(267.2%)

(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

Net Income to Adjusted EBITDA.

	Three Months Ended December 31,		Year Ended December 31,		
(In thousands)	2021	2020	2021	2020	2019
Net loss	$(95,365)	$(32,951)	$(335,650)	$(278,499)	$(537,805)
Depreciation and amortization	18,458	16,991	70,113	56,390	27,336
Total interest expense	1,877	15,383	23,154	45,010	15,734
Income tax (benefit) expense	(308)	1,377	1,268	3,122	2,268
Lease abandonment and impairment of long-lived assets	103	(3,136)	1,481	25,457	--
Other store closure and related costs	2,039	844	3,798	7,034	--
Loss on extinguishment of debt	--	--	47,631	13,781	29,672
Equity-based compensation	6,969	6,714	44,628	44,903	350,122
IPO related costs	--	--	--	--	9,892
Other non-operating general and administrative costs	4,596	1,943	10,373	5,718	(142)
Adjusted EBITDA	$(61,631)	$7,165	$(133,204)	$(77,084)	$(102,923)

Note: Adjusted EBITDA is a non-GAAP financial measure.

Cash Flow from Operations to Free Cash Flow.

	Three Months Ended December 31,		Year Ended December 31,	
(In thousands)	2021	2020	2021	2020
Cash Flow From Operations	$(43,452)	$(14,912)	$(141,519)	$(83,568)
Cash Flow From Investing	(36,283)	(28,373)	(106,567)	(97,141)
Free Cash Flow	$(79,735)	$(43,285)	$(248,086)	$(180,709)

Note: Free Cash Flow is a non-GAAP financial measure.

Gross to Net Revenue Bridge.

($ in millions; except for Aligners Shipped and ASP)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Total Unique Aligner Orders Shipped[1]	**101,794**	**106,345**	**90,006**	**69,906**	**66,133**
Average Aligner Gross Sales Price ("ASP")	$1,820	$1,860	$1,885	$1,900	$1,899
Aligner Gross Revenue	**$ 185.3**	**$ 197.8**	**$ 169.7**	**$ 132.8**	**$ 125.6**
Implicit Price Concession[2]	(14.2)	(12.8)	(10.2)	(10.7)	(13.6)
Reserves and other adjustments[3]	(16.1)	(17.5)	(16.7)	(13.9)	(13.0)
Aligner Revenue[4]	**$ 155.0**	**$ 167.5**	**$ 142.8**	**$ 108.3**	**$ 99.0**
Financing Revenue[5]	12.0	10.7	11.6	10.9	9.8
Other Revenue and adjustments[6]	17.6	21.3	19.8	18.5	17.5
Total Net Revenue	**$ 184.6**	**$ 199.5**	**$ 174.2**	**$ 137.7**	**$ 126.3**

Note: All information in this file is publicly available from our SEC filings.

(1) Each unique aligner order shipped represents a single contracted member.

(2) Estimated based on historical write-off percentages and expected net collections. Excludes implicit price concessions on financing revenue.

(3) Includes impression kit revenue, refunds and sales tax.

(4) As defined in quarterly and annual filings (Aligner Gross Revenue less IPC and Reserves and other adjustments).

(5) Represents interest income earned on our SmilePay financing program, net of IPC starting in 2019, as noted in footnote 2 above.

(6) Includes net revenue related to retainers, whitening, and other ancillary products.

Summary of convertible debt terms.

- This convertible debt financing strengthens our balance sheet, with minimal equity dilution, and fortifies us against a protracted COVID environment, while also enabling to us to comfortably execute our growth strategy over the coming years, while also investing in R&D, innovation, and other business development opportunities.

Convertible Debt Key Terms	
Base Deal Size	$650 million
Green Shoe (exercised)	$97.5 million
Coupon	0.00%
Conversion Premium/Price	40.0% / $18.06
Settlement Date	February 9, 2021
Maturity	February 1, 2026

Capped Call Key Terms	
Capped Call Lower Strike	40.0% / $18.06
Capped Call Upper Strike	100.0% / $25.80
Net Premium	9.3% of proceeds
Effective all-in Rate/Terms	~2.0% Cost of Capital up 100%

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