



SmileDirectClub To Appeal Decision In Align Technology Arbitration

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Company Maintains Procurement of Award By Its Former Strategic Partner, Investor and Supplier Secured Through Undue Means

NASHVILLE, Tenn., Aug. 24, 2023 (GLOBE NEWSWIRE) -- SmileDirectClub (NASDAQ: SDC), the oral care leader and creator of the first med tech platform for teeth straightening, announced its intention to appeal a decision regarding an award of \$63 million to be paid to Align Technology following a dispute over the Company's exclusive supply agreement with its former strategic partner.

"SmileDirectClub is disappointed with the California trial court's recent rulings denying our Petition to Vacate and granting the Petition to Confirm the Final Award in an arbitration Align brought against SmileDirectClub for alleged breaches of a Supply Agreement between the parties that expired in 2019," said Susan Greenspon Rammelt, Chief Legal Officer and EVP Business Affairs at SmileDirectClub. "It remains the Company's position that Align procured the Final Award through undue means, denying SmileDirectClub of a full and fair hearing, and that the arbitrator exceeded his authority when issuing the award. The Company intends to appeal this decision."

By way of background, Align Technology became an investor, strategic partner, and exclusive third party supplier of aligners to teledentistry pioneer SmileDirectClub, by purchasing a 19% ownership stake in the company in 2016. In March of 2019, the partnership was dissolved when an arbitrator found that Align violated the terms of its agreement with SmileDirectClub by attempting to replicate its business model by competing with SmileDirectClub through its own Invisalign retail concept. Align was ordered to close its retail locations, return its stake in SmileDirectClub, and barred from competing against the Company until August 2020.

Following this decision and after the parties' Supply Agreement expired, Align Technology, in August 2020, filed an arbitration demand against SmileDirectClub alleging that the Company breached the Supply Agreement, and subsequently, SmileDirectClub filed counterclaims against Align. On October 27, 2022, an arbitrator issued an interim award against SmileDirectClub on certain of Align's claims, specifically stating that it was not a final award, and that a final award would be issued after the arbitration's second phase and subsequent proceedings on attorneys' fees, interest, and costs. In May 2023 the arbitrator issued a Final Award, awarding Align \$63 million in damages, which award was confirmed by a California trial court on August 23, 2023.

The Company intends to file an appeal within the 60-day time frame permitted under local law once an actual judgement has been entered and is considering options for posting a litigation bond for this award. If SmileDirectClub prevails on appeal, Align will be liable to SmileDirectClub for all costs that SmileDirectClub incurs associated with that appeal, including interest expenses on any bond that SmileDirectClub may have to post.

The Company looks forward to its opportunity to present the facts of this dispute during the appeals process.

About SmileDirectClub

SmileDirectClub, Inc. (Nasdaq: SDC) ("SmileDirectClub") is an oral care company and creator of the first medtech platform for teeth straightening, now also offered directly via dentist and orthodontists' offices. Through our cutting-edge teledentistry technology and vertically integrated model, we are revolutionising the oral care industry, from clear aligner therapy to our affordable, premium oral care product line. SmileDirectClub's mission is to democratise access to a smile each and every person loves by making it affordable and convenient for everyone. SmileDirectClub is headquartered in Nashville, Tennessee and operates in the U.S., Canada, Australia, United Kingdom and Ireland.

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