smile

DIRECT CLUB

2020 Q3 Summary
October 2020

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, 2019 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.

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"). 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 September 30, 2020.

WHAT WE STAND FOR

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

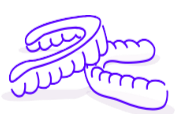
We are a global oral care company with a medtech platform and unique value propositions.

smile DIRECT CLUB

1. Mission-driven brand with positive member experience.
2. Omni-channel presence with a large SmileShop network.
3. Exclusive licensed doctor network across the U.S., Canada, U.K., Australia, New Zealand, Ireland, Hong Kong, Germany, Austria, Singapore, & Spain.
4. SmilePay captive financing increases accessibility and reduces purchasing friction.
5. Vertical integration, powered by SmileCheck, allows us to optimize every step of the member journey.
6. Visionary, founder-led company with a history of disrupting incumbents.

Access
Convenience
Affordability

Compelling unit economics
High barriers to success for competitors



1mm+ members

treated with aligners.

3,800 Wal-Mart stores

3,000 CVS stores

6,800 Total Locations

Full line of oral care products.

~250 licensed orthodontists and dentists[1]

smile DIRECT CLUB

Note: SDC metrics as of September 2020.

[1] Representative of proprietary network across all 50 states, Puerto Rico, Canada, Australia, New Zealand, U.K, Ireland, Hong Kong, Germany, Austria & Singapore, & Spain.

Club Member Satisfaction

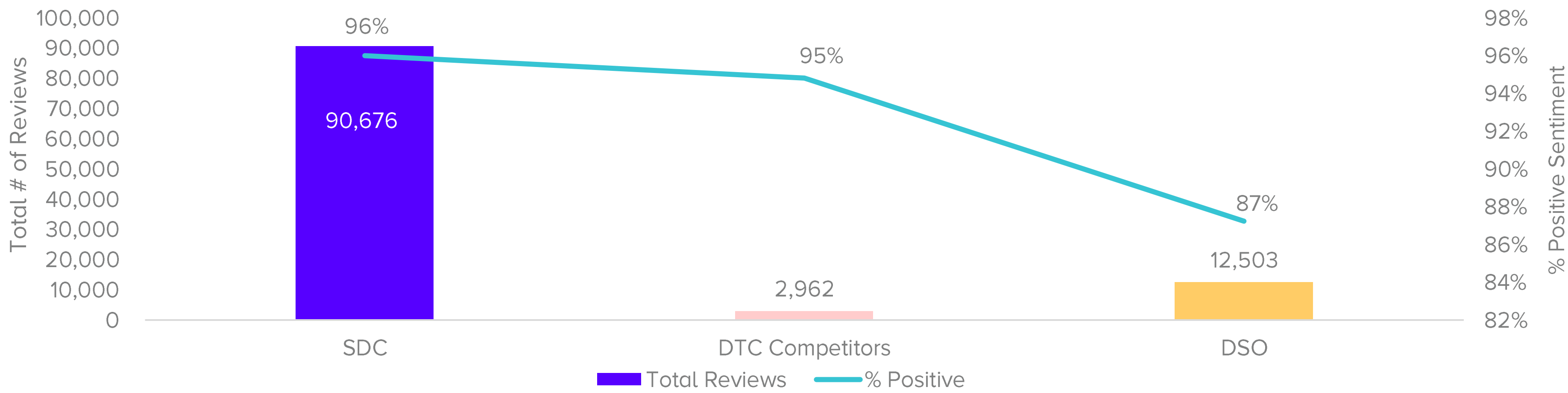
Over 1 million happy grinners.

smile DIRECT CLUB

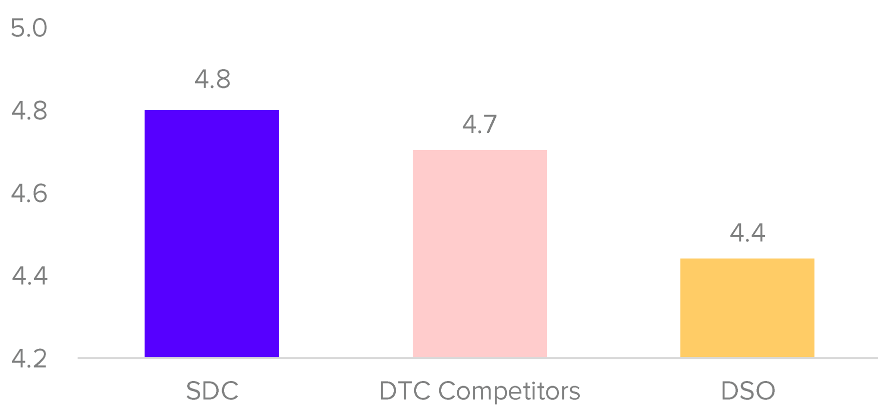
SDC has built a brand at scale that our members love.

We compared our member satisfaction scores with those of other DTC competitors and traditional DSOS and consistently tracked higher than the competition.

Google Reviews & Member Sentiment



Customer Rating[1]



NPS 47[2] - one of the highest in spec. healthcare industry.

Approx. 23% of members come from referrals.

BBB rating of A+

Average rating 4.5 / 5.0 with over 200K member reviews[3].

smile DIRECT CLUB

Source: Internal company surveys, public information. Data as of Sept 2020.
Note: DTC rating is an average of DTC competitors. DSO rating is average of two larger DSOs in the US.
(1) Google rating. (2) All time average rating. (3) Company website.

Q3 Financial Results.

smile DIRECT CLUB

Q3 2020 results.

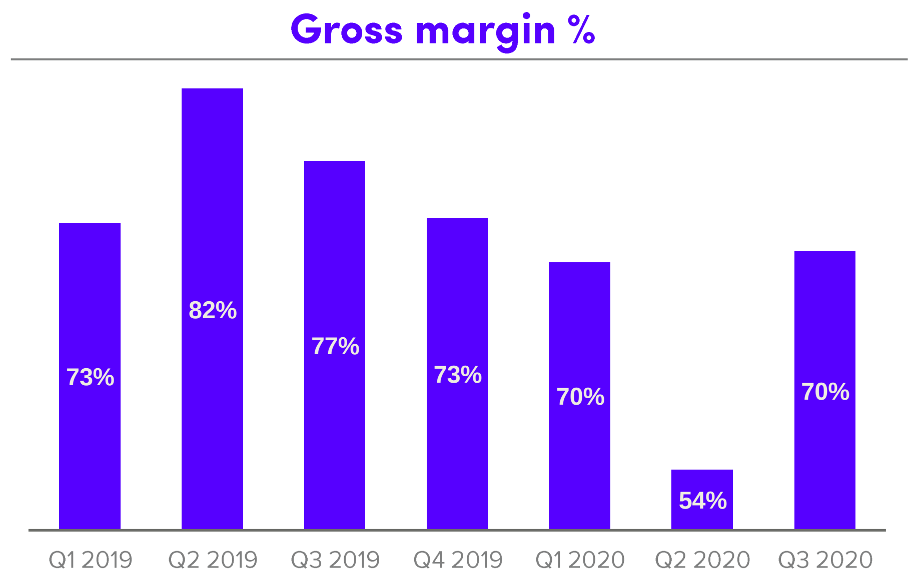
- Revenue for the quarter was $168.5 million, which represents 94% of Q3 2019 revenue
  - Represents a sequential increase of 57% over Q2 2020
- Gross margin for the quarter was 70%, up 1600 basis points from Q2 2020
- Net loss for the quarter was negative $43mm, a sequential improvement of $51mm
- Q3 Adjusted EBITDA(1) was positive $3.0mm for the quarter. This is a sequential improvement of $23.3mm, and positive EBITDA one quarter ahead of our goal for 2020

	Q3 2020	*YoY*
Net Revenue	$ 168.5mm	*-6.5%*
Gross Profit	$ 118.7mm	*-14.4%*
Gross Margin %	*70.5%*	*-654bps*
Adjusted EBITDA(1)	$ 3.0mm	*NM*
EPS, Diluted	$ (0.11)	*NA*

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

Gross margin.

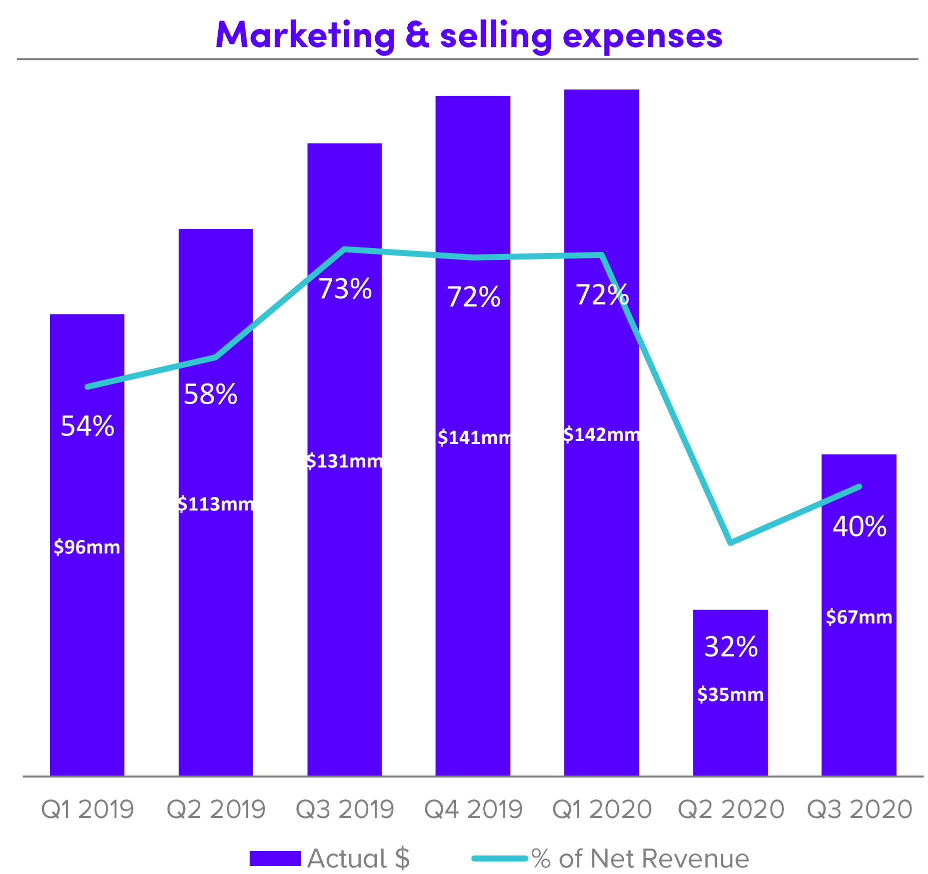
- Gross margin for the quarter was 70%, a 16% increase sequentially
  - As noted in Q2, the issues experienced were transitory, and we have seen gross margin return to Q1 levels
  - Still weighing a little bit on gross margins, initial aligners were 65% of aligners shipped in Q3, compared to 61% in Q2 and an average of 77% from 3Q19 to 1Q20
    - This is because there is a lag from initial shipment to Touch-up aligners, and we had higher volume in January and February
    - This will correct to historical levels as volume grows
- We continue to focus on streamlining our manufacturing
  - Our second generation of automated manufacturing ("Gen 2") is now live, and we are producing approximately 10% of our aligners on Gen 2. We expect this percentage to increase meaningfully by year end
- Our long-term gross margin target of 85% of revenue remains intact



Marketing & selling.

- Marketing and selling expenses came in at $67 million or 40% of net revenue in the quarter, compared to 73% of net revenue in Q3 of 2019.
- This demonstrates the leverage in sales and marketing spend that we have discussed historically.
    - Even with this reduced spend approximately ~70% of club members who purchased in Q3 were new leads
    - This is close to where we have been historically, but off reduced sales and marketing spend as a percent of revenue
    - This reflects the sustainability of lower sales and marketing spend as a percent of revenue to support our revenue growth going forward
- We expect to continue to perform well against the long-term targets that we have previously provided in the quarters to come
- Our long-term target of 40-45% of revenue remains intact.

Quarter	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Referrals as a % of Aligner Orders	20%	20%	20%	20%	20%	21%	23%
SmileShop Count	223	310	366	391	418	42	92



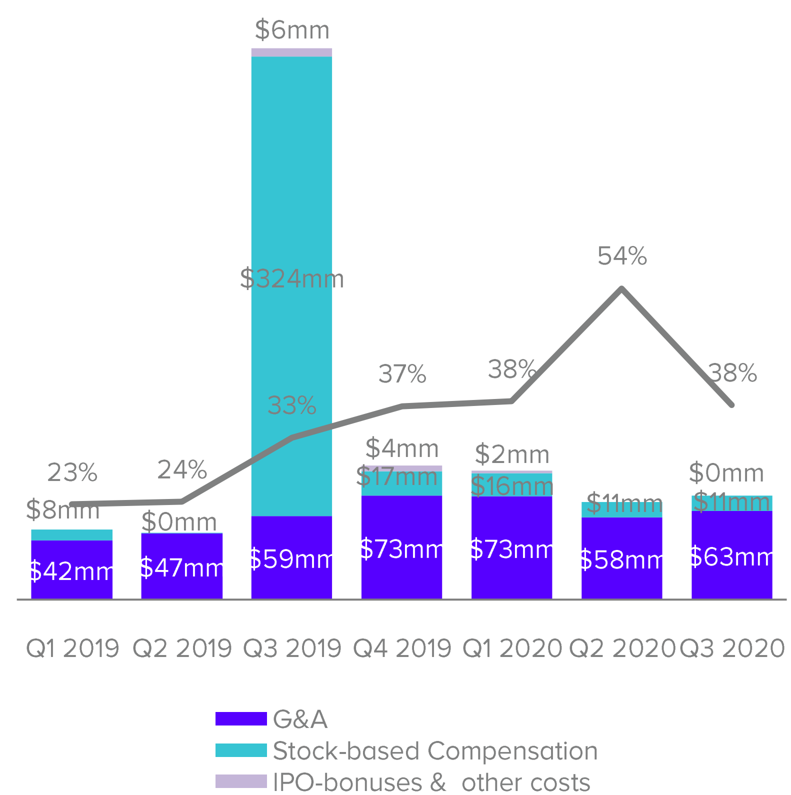
General & administrative.

- General and administrative expenses were $74 million in Q3, compared to $69 million in Q2 2020. G&A expenses were up $5.4 million sequentially
  - This is mostly driven by the return of team members from furlough, offset by continued leverage in other G&A spend

- G&A expenses increased from June to July due to bringing back team members from furlough. G&A remained flat through the balance of the quarter
  - Year to date, our quarterly G&A is down 22% from 4Q19

- The stability throughout the quarter was a direct result of the cost control initiatives we discussed on last quarter's earnings call.
  - We plan to stay vigilant with cost control throughout the remainder of the year and beyond, as we focus on continuing to leverage this line item
  - Our long-term target of 15% of revenue remains intact

General & administrative expenses(1)

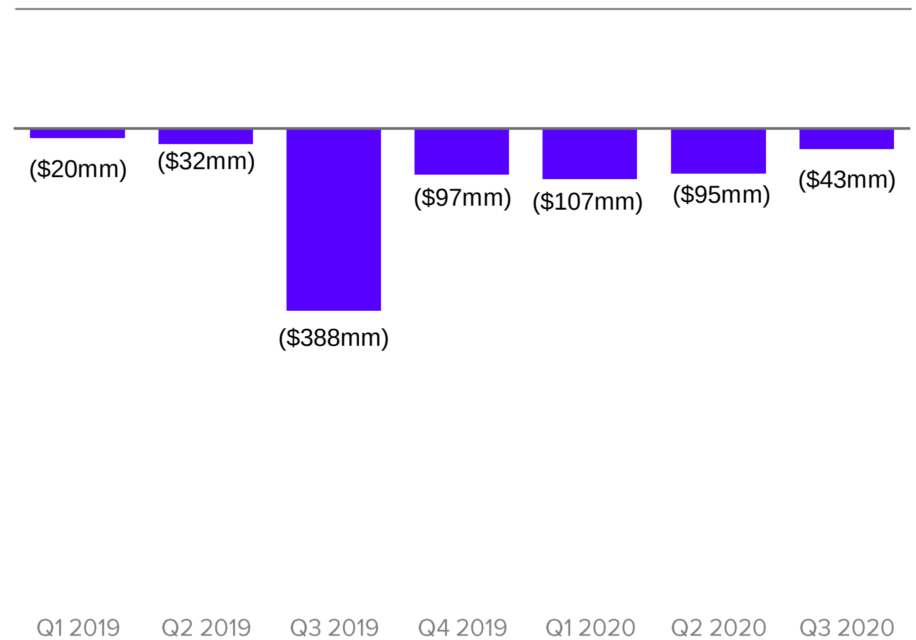


(1) Percentages represent G&A as a percent of revenue, excluding stock-based compensation and IPO and other costs..

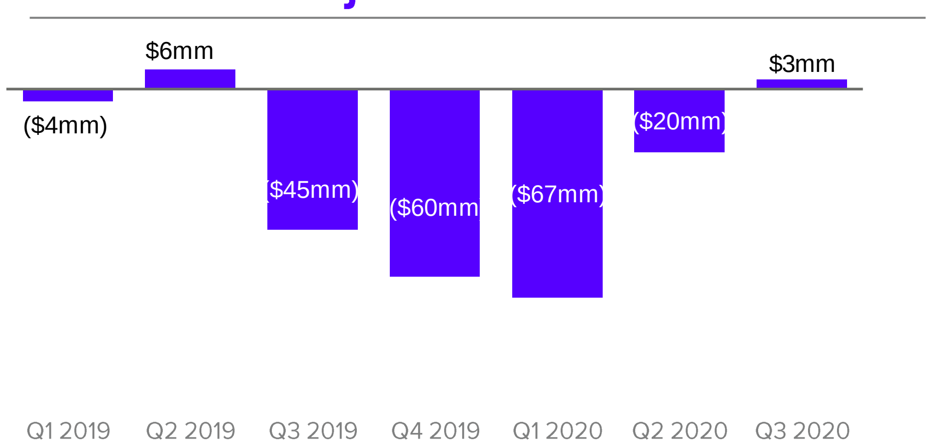
Adjusted EBITDA & net income.

- Interest Expense:
  - Interest expense was $15.6 million in the third quarter, mostly associated with borrowings on indebtedness from our credit facility
- Lease Abandonment and Impairment:
  - We had $5.7mm in other expenses mostly associated with lease abandonment and impairment of long-lived assets as we continue to optimize our shop footprint and corporate office portfolio in the new operating environment
- Other:
  - Gains of $1.0mm, which is mostly associated with currency gains and losses

Net income



Adj. EBITDA(1)



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

Balance sheet highlights.

- We ended Q3 with $373 million in cash and cash equivalents
- Cash from operations for the third quarter was positive $17 million, driven by positive $3 million of Adjusted EBITDA[1]
    - The remainder is driven by positive changes in working capital
- Cash spent on investing for the third quarter was $21 million, mainly associated with leasehold improvements, capitalized software and building our manufacturing automation
- We have seen significant improvement in free cash flow[3] quarter over quarter
    - Negative $3.7 million in Q3, down from negative $35.2 million in Q2, negative $98.5 million in Q1, and negative $181.2 million in Q4 2019

($ in millions)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash	$547.6[2]	$318.5	$224.4	$389.0	$373.0
Debt	$219.4	$208.5	$221.4	$420.3	$415.7
Accounts Receivable, Net	$311.7	$345.7	$345.3	$311.8	$302.0
Cash Flow from Operations	$(94.1)	$(141.2)	$(70.4)	$(15.5)	$17.2
Cash Flow from Investing	$(28.2)	$(40.0)	$(28.1)	$(19.7)	$(20.9)
Free Cash Flow	$(122.3)	$(181.2)	$(98.5)	$(35.2)	$(3.7)

smile DIRECT CLUB

(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.
(2) Includes approximately $100 million set aside for IPO expenses and future payments or distributions as referenced in our S-1.
(3) Free Cash Flow is a non-GAAP financial measure. See appendix for definition of Free Cash Flow.

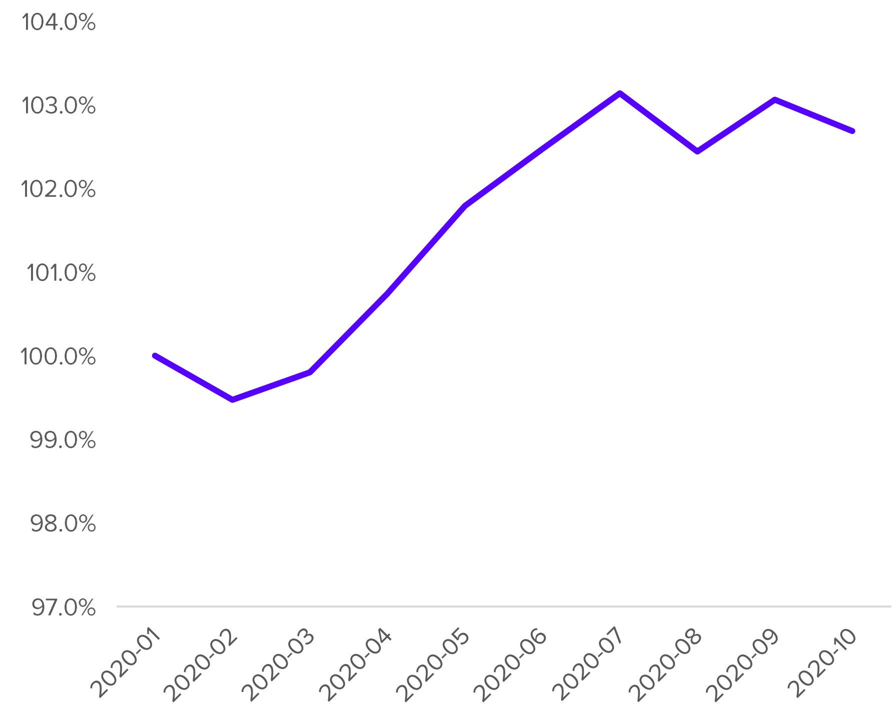
Q3 SmilePay Performance.

smile DIRECT CLUB

Recent SmilePay Performance.

- In Q3 2020, SmilePay as a percentage of total aligners purchased was consistent with past quarters
- Overall, SmilePay has continued to perform well, and our delinquency rates in Q3, and since Q3, were flat to prior quarters
- Because we keep a credit card on file, and have a low monthly payment, we expect SmilePay to continue to perform well
- Our success rates on credit card attempts, which is a proxy for monthly payments, has seen no degradation
- Authorizations continue to show improvement and we remain focused on improving operations and collections strategies

Indexed Monthly Cumulative Credit Card Authorization(1)



- This suggests we are performing approximately 3% better than pre-COVID as a result of operational improvements, and have seen no degradation in performance since COVID started

(1) Represents success rates on credit card authorizations when we attempt to charge the card for the monthly payment, a proxy for monthly payments, indexed to January 2020 success rates.

Q4 2020 & Long-Term Outlook

smile DIRECT CLUB

Q4 guidance.

- For Q4 2020, we expect the following:
  - 100,000 initial aligner shipments
  - Revenue of $180 million
- Both numbers represent 7% sequential increase and track well against our long-term targets
  - This is over 90% of our Q4 2019 revenue, but that was a quarter where we spent 72% of revenue on sales and marketing, and Adjusted EBITDA[(1)] was negative $60 million
- We expect to continue to see the efficiency in sales and marketing that we saw in Q3 2020, and we also expect to remain profitable
  - This is a dramatic change in a short period of time and positions us well to continue to execute against our long-term targets
- We are managing the business to drive towards our long-term financial targets, which include 20-30% revenue growth per year, and Adjusted EBITDA margins of 25-30%

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

Q4 guidance (con't).

- Our long-term objectives have not changed:
  - We remain laser focused on providing the best club member experience, and our mantra remains to drive controlled and profitable growth
  - We will continue to make strategic investments in the professional channel, international growth, and in penetrating new demographics to drive controlled growth, while also executing against our profitability goals

- We continue to see favorable industry dynamics with broader acceptance of telehealth and specifically tele-dentistry, minimal penetration against our total addressable market, and clear aligners gaining share in the overall industry
  - All of these position us well for long-term success

Growth Initiatives.

In addition to our core business, we saw good momentum in the quarter across the three growth drivers we have previously discussed: the professional channel, teens, and international expansion.

New Acquisition Channels

- As we think about expanding our acquisition channels, we are focusing on accommodating new consumer on-ramps to our clear aligner therapy through the professional channel, corporate partnerships, and retail
  - On the professional channel: With the recent addition of DECA dental and other DSOs across the country, our partnership network is now extended across more than 1,000 practices in the United States, and we have a deep sales pipeline both domestically and internationally
  - On corporate partnerships, we continue to see progress across all of our programs including those with Allianz, Anthem BCBS, Empire BCBS, United, Aetna, and others
  - On the retail side: our oral care products are available at Walmart and CVS
    - These products continue to perform well and serve as a highly efficient lead source and brand building opportunity

Teens

- Teens are 75% of case starts annually, but approximately 10% of SDC members
- We recently launched SmileDirectClub Teen. Designed just for teens, this new product offers a more affordable and accessible alternative to metal braces or other aligner options, giving teens and parents the convenience of our telehealth platform, with 24/7 access to dental professionals, while still priced 60% less than traditional orthodontic products

International

- Massive global opportunity of ~500mm people
- Within the quarter, we announced our expansion into Spain. Entrance into this market further extends our international footprint and we plan to launch into additional locations in Europe, Latin America and Asia Pacific throughout the remainder of the year and into next year

smile DIRECT CLUB

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.

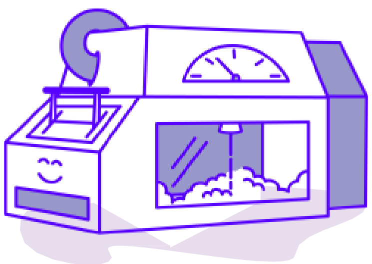
	SDC Member/ Dental Patient	Service Model	Value Delivered to Dentist
Partner SmileShop	SDC Member	• SDC SmileShop inside of dental practice • Member books through SDC and goes to dental practice for appointment • SDC Team provides initial assessment	• New potential dental patient • Monthly rent paid by 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 • SDC Team provides initial assessment	• New potential dental patient

Cost Levers & Long-Term Targets.

Leveraging automation, our existing SmileShop footprint and cost discipline to drive towards profitability.

Long Term % of Revenue

COGS



- Continued advancement in automation and streamlining of our manufacturing process
  - Our 2nd generation automation production platform is live and currently producing approximately 10% of our aligners
  - We expect this to increase meaningfully during Q4, and while still early in the rollout, we are already seeing very positive trends

Gross Margin: 85%

Leveraging Sales & Marketing Spend

- Continued discipline around deployment of Sales and Marketing spend:
  - Focus on driving more demand through our existing network of SmileShops
  - Leveraging referrals and aided awareness to drive organic traffic

Sales & Marketing: 40-45%

Leveraging G&A Spend

- Continued cost discipline across the business
- Aligning spend with business priorities and long-term growth targets

G&A: 15%

Appendix.

smile DIRECT CLUB

Net Income to adjusted EBITDA.

	Three Months Ended September 30,	
(In thousands)	2020	2019
Net loss	$(43,482)	$(387,564)
Depreciation and amortization	14,042	6,514
Total interest expense	15,555	4,291
Income tax expense	1,190	479
Lease abandonment and impairment of long-lived assets	3,960	--
Other store closure and restructuring costs	1,714	--
Loss on extinguishment of debt	--	32
Equity-based compensation	10,972	324,497
IPO Related Costs	--	6,146
Other non-operating general and administrative costs	(930)	421
Adjusted EBITDA	**$3,021**	**$(45,184)**

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

Cash Flow From Operations to Free Cash Flow.

	Three Months Ended September 30,	
(In thousands)	2020	2019
Cash Flow From Operations	$17,183	$(94,123)
Cash Flow From Investing	(20,907)	(28,207)
Free Cash Flow	**$(3,724)**	**$(122,330)**

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

Gross to net revenue bridge.

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

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Unique Aligner Orders Shipped[1]	**72,387**	**76,372**	**109,894**	**122,047**	**106,070**	**115,042**	**122,751**	**57,136**	**93,301**
Average Aligner Gross Sales Price ("ASP")	$1,773	$1,797	$1,767	$1,761	$1,788	$1,771	$1,770	$1,817	$1,794
Aligner Gross Revenue	**$ 128.3**	**$ 137.3**	**$ 194.1**	**$ 214.9**	**$ 189.6**	**$ 203.7**	**$ 217.3**	**$ 103.8**	**$ 167.4**
Implicit Price Concession[2]	(13.3)	(13.8)	(17.3)	(18.9)	(15.5)	(16.3)	(21.3)	(9.3)	(13.4)
Reserves and other adjustments[3]	(5.3)	(6.5)	(11.6)	(14.6)	(12.0)	(12.9)	(25.1)	(16.6)	(14.7)
Aligner Revenue[4]	**$ 109.7**	**$ 117.0**	**$ 165.2**	**$ 181.5**	**$ 162.2**	**$ 174.5**	**$ 170.9**	**$ 77.9**	**$ 139.3**
Financing Revenue[5]	7.2	8.4	9.1	10.6	11.5	12.7	12.7	12.7	12.0
Other Revenue and adjustments[6]	2.8	3.1	3.4	3.8	6.5	9.5	13.0	16.5	17.2
Total Net Revenue	**$ 119.7**	**$ 128.5**	**$ 177.7**	**$ 195.8**	**180.2**	**$ 196.7**	**$ 196.7**	**$ 107.1**	**$ 168.5**

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 associated with financing revenue starting in 2019 of $1.035mm for Q119, $1.851mm for Q219, $1.817mm for Q319, $2.005mm for Q419, $2.035mm for Q120, $1.997 for Q220, and $1.927 for Q320. See footnote 5 below.

(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.

smile

DIRECT CLUB