smile DIRECT CLUB

Q2 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 ongoing assessment of the cyber incident, material legal, financial and reputational risks resulting from such incident and the related operational disruptions, 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, 2020 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 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”). 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 June 30, 2021.

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!

Why Our Club Members Choose SDC.

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. Our proprietary telehealth platform offers consumers the ability to get the same clinically safe and effective treatment, but without the 3x markup.

Credibility

Over 1.5mm members treated, with a brand at scale that our members love

- Our doctors have straightened over 1.5 million smiles, which makes us a leading player in the industry
- Brand at scale that our members love
- All doctors have 5+ years of aligner experience
- 100% of our aligners are made in our FDA registered and ISO certified 3D printing facility in Tennessee
- Treatment plan is tailored using our proprietary telehealth platform

Certainty

All smiles come with our lifetime smile guarantee

- Efficacy of teleorthodontic treatment with clear aligners validated by clinical research (see the appendix for details)
- Customers can start seeing results in as little as 60 days, and they can be certain in their outcome because we have treated over 1.5 million members
- Better oral hygiene – customers can brush and floss without brackets in the way
- We deliver all aligners and retainers directly to the customer, upfront

Comfort

Our laser-cut aligners look and feel better than ever

- ComfortSense is our unique soft, medium, firm plastic approach, 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

No in-office visits necessary and three ways to get started

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

Cost

Our aligners cost as little as $3/ day, with no 3x markup

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

We provide a global telehealth platform with unique value propositions.

Access
Convenience
Affordability
Members

1. Mission-driven brand with positive member experience.
2. Omni-channel presence with SmileShops, impression kits, and GP footprint.
3. Exclusive doctor network across 13 markets[1] globally, powered by our Telehealth platform SmileCheck.
4. SmilePay captive financing increases accessibility and reduces purchasing friction.
5. Vertical integration allows us to optimize every step of the member journey and continuously improve the process.
6. Visionary, founder-led company with a history of disrupting incumbents.

Control of our destiny
Compelling unit economics
Accelerating growth
Business

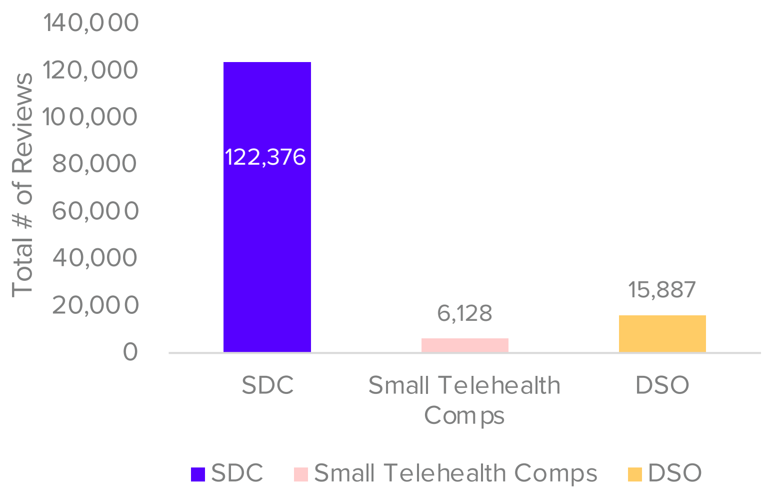
(1) As of June 2021

Club Member Satisfaction

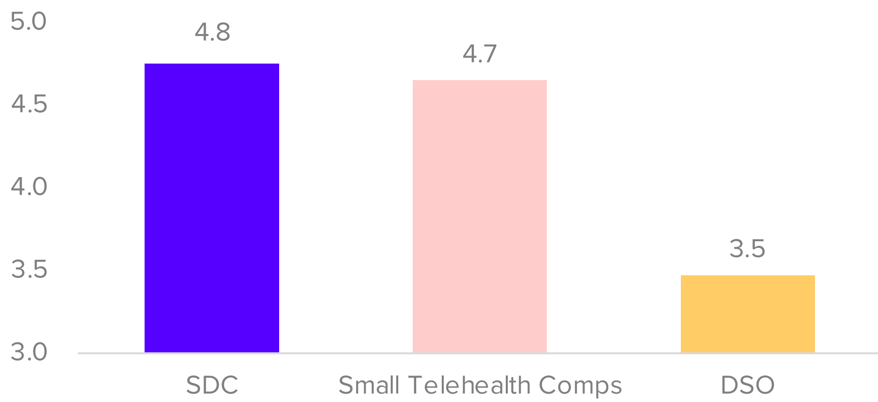
SDC has built a brand at scale that our members love and compares very favorably against Invisalign in brand credibility.

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

Total Google/Trustpilot Reviews

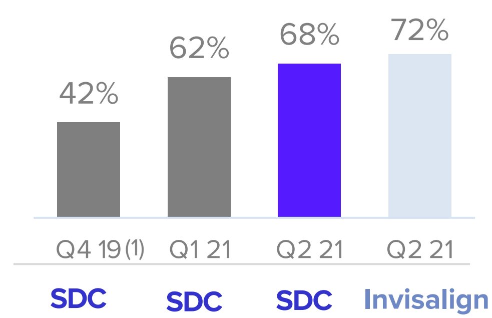


Customer Rating(2)

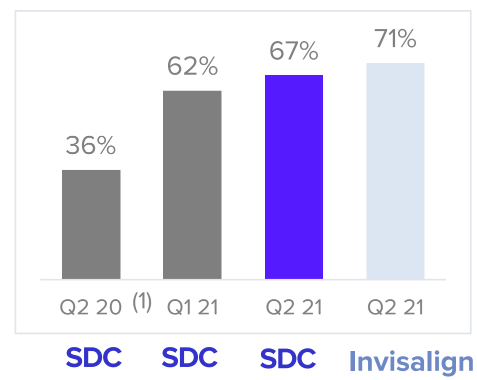


Perception on brand credibility

"Has a network of dentists and orthodontists to provide the best possible care to its customers"



"Is a brand / product I trust"



NPS 41(3) – one of the highest in spec. healthcare industry.

Approx. 21% of members come from referrals.

BBB rating of A+

Average rating 4.5 / 5.0 with over 200K member reviews(4).

Source: Internal company surveys, public information. Data as of June 2021.
Note: Telehealth rating is an average of telehealth competitors. DSO rating is average of two larger DSOs in the US.
(1) Reflects most recent prior brand survey response. (2) Trustpilot & Google rating. (3) All time average rating. (4) Company website.

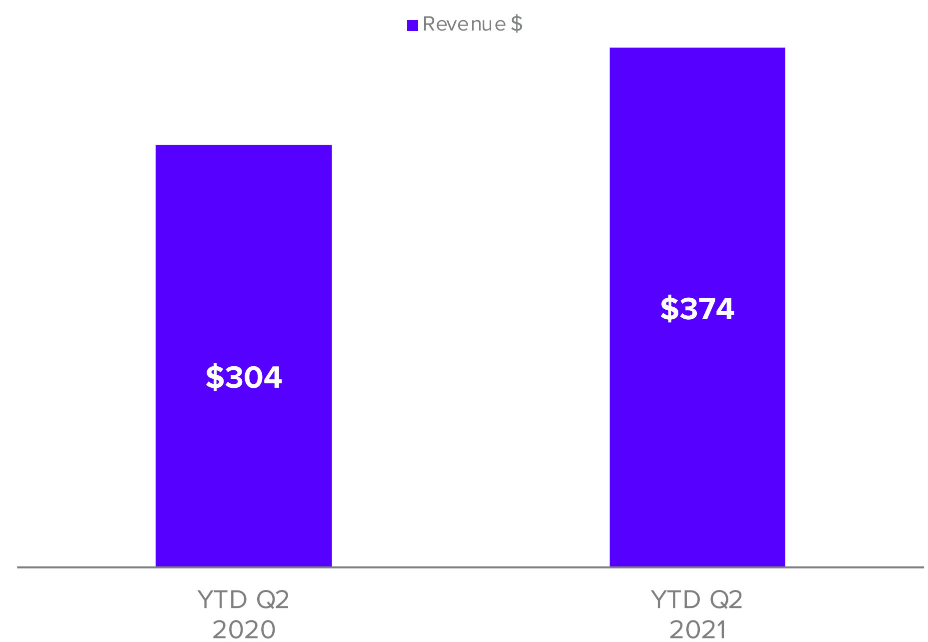
Q2 Financial Results.

Q2 2021 results.

- Revenue for the quarter was $174.2 million, which is up 63% year-over-year, but a decrease of -13% over Q1 2021. Reasons for the decline are outlined on the next page.
- Gross margin for the quarter was 74%, which represents an ~2,000 bps improvement year-over-year, but a 230-bps decline compared to Q1 2021. This decline is largely attributable to the decline in revenue.
- Q2 Adjusted EBITDA(1) was $(22.5mm) for the quarter, down compared to prior quarter due to the revenue headwinds noted above.
- Net loss for the quarter was ($55.3mm), $40.4mm better than the previous quarter.
- Our long-term financial targets remain intact:
  - Average revenue growth of 20-30% per year for the next 5 years.
  - Adjusted EBITDA(1) margins of 25-30% as we scale during that time period.
    - This is driven by an 85% gross margin, 40-45% sales and marketing margin, and a 15% G&A margin.

	Q2 2021	QoQ	YoY
Net Revenue	$ 174.2mm	*(12.7%)*	*62.7%*
Gross Profit	$ 128.3mm	*(15.3%)*	*120.1%*
Gross Margin %	*74%*	*(230bps)*	*1925bps*
Adjusted EBITDA(1)	$ (22.5mm)	*(557%)*	*(10.8%)*
EPS, Diluted	$ (0.14)	*NM*	*NM*

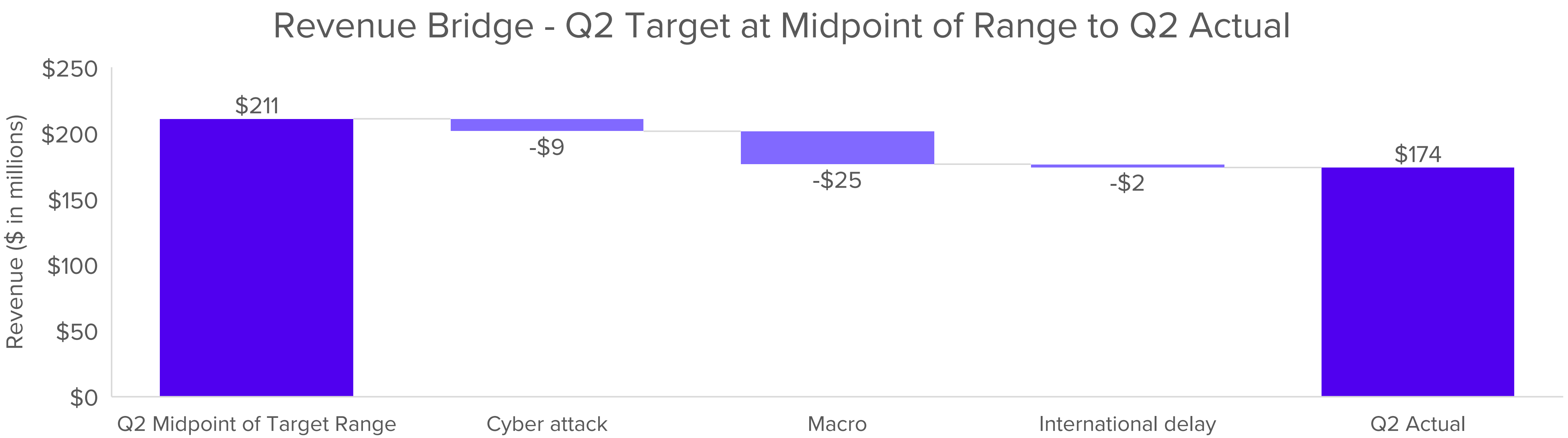
Year-to-Date Revenue *($ in millions)*



- YTD through Q2, revenue is up 23% compared to YTD 2020.

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

Q2 2021 results – Revenue bridge.



- The above outlines a bridge from our initial growth target in Q2, to our actual revenue, and how much each of these areas impacted our results. As a starting point, the bridge uses 6% sequential growth off Q1, which was the midpoint of our 5-7% sequential target, or $211mm, pre-cyber-attack.
- Cyber: Residual impacts of the cyber-attack in mid-April and the delays it caused in the delivery of the treatment plans led to broad conversion rate pressure. On our 1st quarter earnings call, we estimated the initial impact could be 7-10K initial shipments in the quarter. The final impact was approximately 6,100 shipments. The related backlog was fully caught up in the month of June, and no ongoing issues related to the attack are expected.
- Macro Factors: As noted in the appendix, macroeconomic factors contributed to top-of-funnel weakness as well as middle-of-funnel conversion. These factors include a combination of the lasting effects of COVID on our target demographic, the impact of Apple's new iOS update on social media platforms such as Facebook and pervasive joblessness in four of our larger states (CA, NY, IL, TX) that account for 40% of the nation's jobless claims through July 10.
- International: New international markets, such as Germany and Spain, are taking longer to scale than expected, driven by the lingering effects of COVID. We will be relaunching in these two countries with an overinvestment in the second half of the year to drive more penetration.

Q2 2021 results – US/Canada vs ROW.

	US & Canada			ROW		
	Q2 2021	% of Total	*QoQ*	Q2 2021	% of Total	*QoQ*
Total Unique Aligner Orders Shipped	74,787	*83.1%*	*(15.7%)*	15,219	*16.9%*	*(13.8%)*
Average Aligner Gross Sales Price	$1,867	*N/A*	*1.9%*	$1,980	*N/A*	*(0.8%)*
Total Revenue	$145.5mm	*83.6%*	*(12.4%)*	$28.7mm	*16.4%*	*(13.8%)*
Gross Profit	$108.3mm	*84.4%*		$20.0mm	*15.6%*	
Gross Margin %	*74.4%*			*69.8%*		
S&M	$76.7mm	*80.1%*		$19.1mm	*19.9%*	
As % of Total Revenue	*52.7%*			*66.6%*		
G&A	$66.8mm	*78.4%*		$18.4mm	*21.6%*	
As % of Total Revenue	*45.9%*			*64.3%*		
Adj EBITDA(1)	$(9.1mm)	*40.6%*		$(13.3mm)	*59.4%*	

- 75% of our business opportunity resides in ROW markets. After only two years, ROW markets have achieved a level of brand awareness it took the U.S. five years to achieve. To build on this brand awareness and replicate the comparable levels of penetration achieved in the UK and Australia, we are overinvesting in ROW markets. As a result, S&M as a percent of revenue in ROW markets is expected to remain elevated in 2H 2021 and 2022.
- The lingering effects of COVID have impacted some of our larger ROW markets, such as Germany and Spain, and taking them longer to scale than anticipated. To address this delay, we are relaunching in these markets throughout 2H 2021.
- Gross margin within ROW markets is lower due to local final assembly, and shipping to local markets when compared with the U.S. and Canada.

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

YTD Q2 2021 results – US/Canada vs ROW.

	US & Canada		ROW	
	YTD Q2 2021	% of Total	YTD Q2 2021	% of Total
Total Unique Aligner Orders Shipped	163,473	*83.3%*	32,878	*16.7%*
Average Aligner Gross Sales Price	$1,848	*N/A*	$1,988	*N/A*
Total Revenue	$311.8mm	*83.4%*	$61.9mm	*16.6%*
Gross Profit	$235.4mm	*84.1%*	$44.4mm	*15.9%*
Gross Margin %	*75.5%*		*71.7%*	
S&M	$153.8mm	*79.7%*	$39.3mm	*20.3%*
As % of Total Revenue	*49.3%*		*63.5%*	
G&A	$131.8mm	*79.3%*	$34.3mm	*20.7%*
As % of Total Revenue	*42.3%*		*55.4%*	
Adj EBITDA[1]	$2.5mm	*N/A*	$(20.0mm)	*N/A*

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

Gross margin.

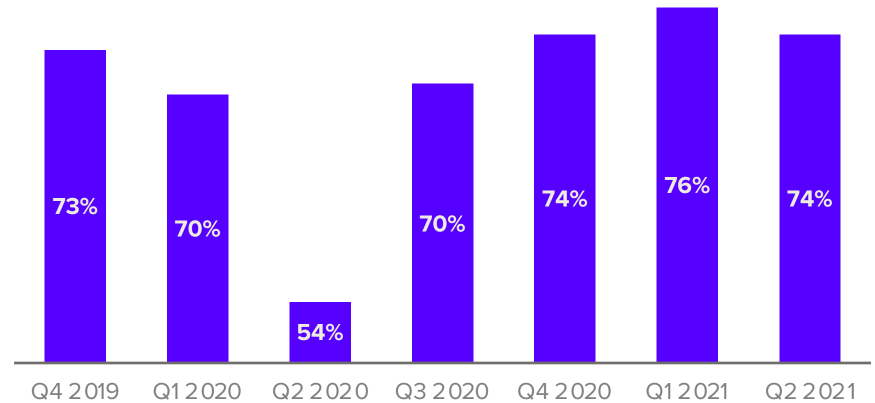
- Gross margin for the quarter was 74%, which represents a 230-bps decline compared to Q1 2021. This decline is largely attributable to the decline in revenue.

- On COGS, we are making good progress on manufacturing automation with our 2nd Gen machines now producing approximately 85% of our aligners, which is up from 70% in Q1 2021.
  - We expect this percentage to increase to 90% by the end of Q3 2021

- Investments in streamlining our manufacturing are creating positive trends in:
  - Turnaround time
  - Higher productivity per team member
  - Reduction in scrap
  - More consistent and superior product for our club members

- Our long-term gross margin target of 85% of revenue remains intact.

Gross margin %



Marketing & selling.

- Marketing and selling expenses were $96 million, or 55.0% of net revenue in the quarter.
  - These results reflect a significant investment in brand building to support long-term growth in ROW markets
  - Investments in ROW markets will remain elevated in 2H 2021 and 2022 as we scale the brand in these markets

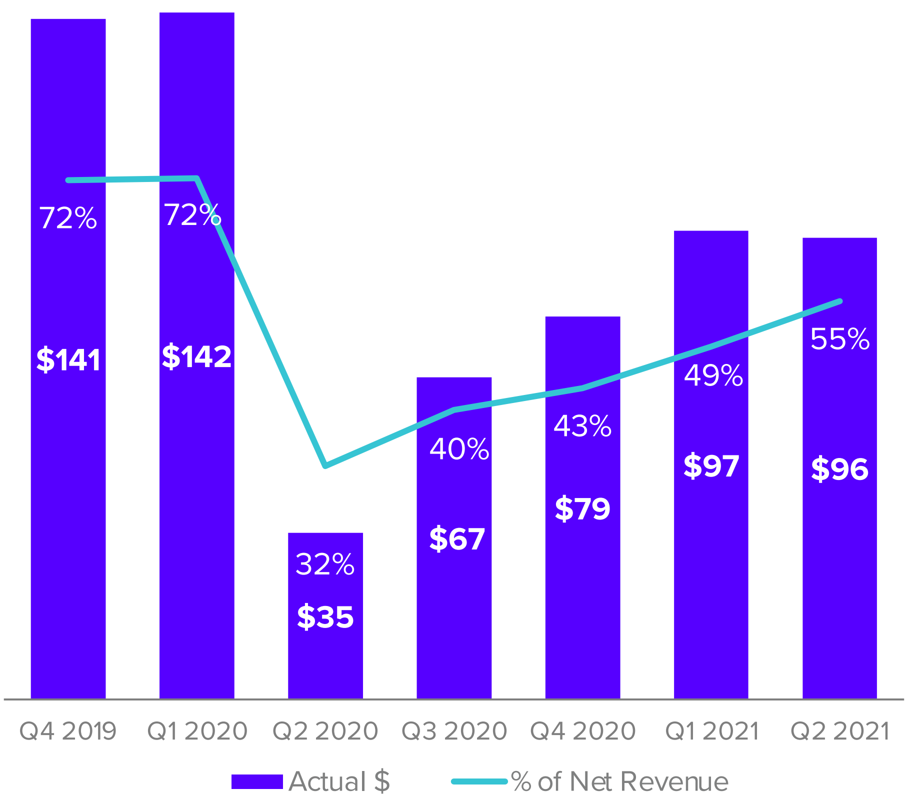
- SmileShops, which act as primarily as fulfillments centers for us, totaled 135 permanent locations as of quarter end, and held 153 pop-up events over the course of the quarter, for a total of 288 location sites – up from 282 at Q1 2021 and 218 at Q4 2020.
  - Pop-up events are a critical component to supporting our demand, function in the same capacity as a permanent SmileShop, and enable us to fulfill demand that is coming through aided awareness, referrals, and marketing.

- Current Partner Network locations are now ~500 active or pending training
  - Recently launched in Germany and Spain
  - Active pipeline of approximately 1,000 locations
  - Looking at a few case studies, recent Partner Network experiences demonstrate new submissions and leads resulting in $3M-$5M in potential lifetime value for a large, multi-state DSO (See case studies in Appendix)

- Long-term target of 40-45% margin remains intact.

Quarter	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Referrals as a % of Aligner Orders	20%	21%	23%	22%	21%	21%

Marketing & selling expenses *($ in millions)*



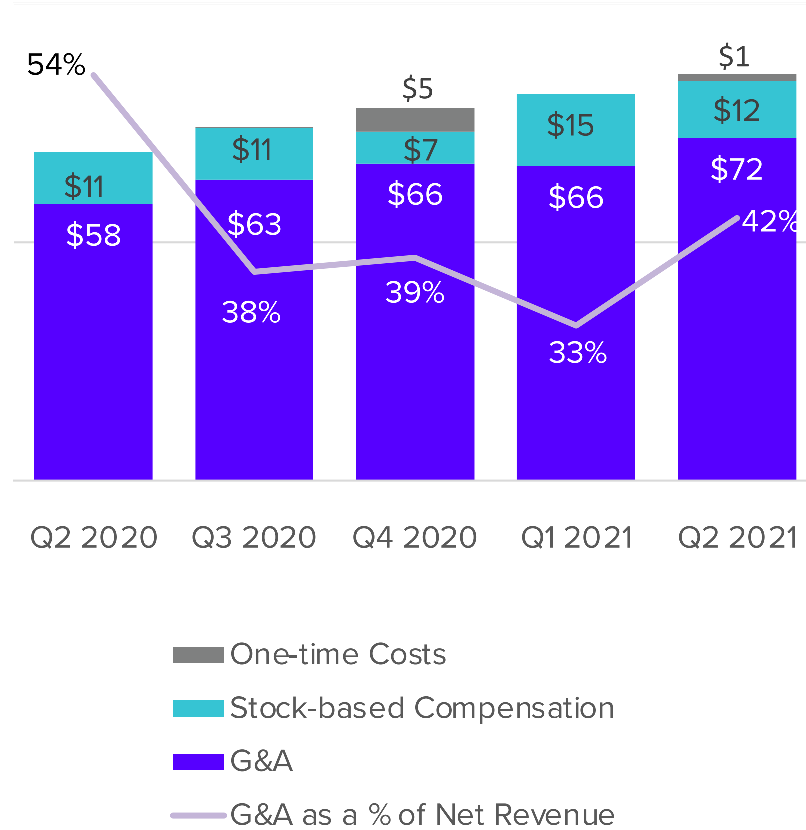
General & administrative.

- General and administrative expenses were $85 million in Q2, compared to $81 million in Q1 2021.
  - The sequential increase was primarily driven by a one-time reclass from selling labor to G&A labor of $1.4 million and the additional $1.4 million not included in Q1 2021
  - Adjusting for the reclass, G&A expenses were up $1.2 million, driven by a one-time increase in medical benefits expense and increased investments in key functions

- 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.

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



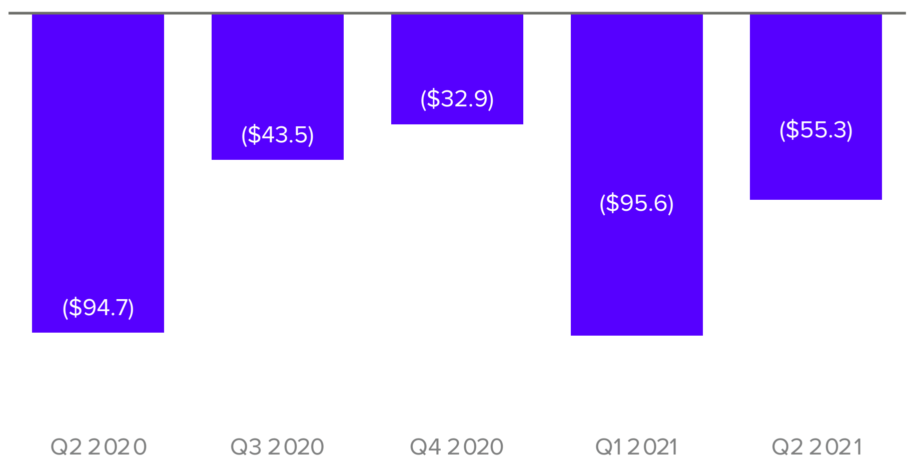
One-time items:
- Q1/Q2'20 – One time severance (COVID).
- Q3 – International one-time severance (COVID).
- Q4 - $4.8mm legal settlement accrual. Remainder is international severance (COVID).

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

Other expenses, Adjusted EBITDA & net income.

- Interest Expense:
  - Totaled $1.9 million in 2Q 2021, of which $1.0mm was deferred loan costs associated with the convert we issued earlier in the year, $500K was associated with long-term lease accounting, and $400K was associated with capital leases.
- Other:
  - Other store closure and related costs were $0.5 million primarily related to our retail locations.
  - Other expense was $0.1 million primarily due to unrealized foreign exchange costs.
- Q2 Adjusted EBITDA[1] was $(22.5)mm for the quarter
  - US/Canada Adjusted EBITDA was $(9.1) million
  - Rest of World Adjusted EBITDA was ($13.3) 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 Q2 with $376.6 million in cash and cash equivalents.
- Cash from operations for the second quarter was $(31.0) million.
- Cash spent on investing for the second quarter was $22.3 million, mainly associated with capitalized software, and building our manufacturing automation.
- In Q2 2021, SmilePay, which drives our accounts receivable, as a percentage of total aligners purchased was 61%, which was flat compared to Q1 2021.
- Overall, SmilePay has continued to perform well, and our delinquency rates in Q2 were consistent with prior quarters. Because we keep a credit card on file, and have a low monthly payment, we expect SmilePay to continue to perform well.

($ in millions)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Cash	$389.0	$373.0	$316.7	$434.5	$376.6
Debt	$420.3	$415.7	$408.6	$745.7	$744.1
Accounts Receivable, Net	$311.8	$302.0	$293.3	$300.0	$289.6
Cash Flow from Operations	$(15.5)	$17.2	($14.9)	($28.3)	($31.0)
Cash Flow from Investing	($19.7)	($20.9)	($28.4)	($23.0)	($22.3)
Free Cash Flow	($35.2)	($3.7)	($43.3)	($51.3)	($53.3)

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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%

Long-Term Outlook

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Our perspective and outlook.

- Our Long-Term plan remains intact. We are managing the business to drive towards our long-term financial targets, which include 20-30% revenue growth per year. To achieve this, we are allocating our resources to make significant investments in customer experience, brand credibility, our partner network and overinvestment in our international markets.
- When considering straightening their teeth, consumers search online, ask their dentist, or ask a friend or family member as part of their research for the right provider:
  - Our persistent focus on customer experience is driving online success and positively impacting consumer perception around credibility
    - Aided awareness remains strong at 50%
    - Google review ratings register at 96% positive, an all-time high; online sentiment remains at all-time highs
    - Referral rates remain healthy at 21% of aligner orders
    - 68% of consumers believe our network of dentists and orthodontists provides the best possible care to customers – up from 62% in Q1 2021 and 46% in Q4 2019 (1)
    - 67% of respondents surveyed noted they view SDC as a trusted brand – up from 62% in Q1 2021 and 47% in Q2 2020 (1)
  - Recently launched Challenger Campaign is closely associated with the progress in brand sentiment and credibility against Invisalign. Watch the spots on Vimeo here (https://vimeo.com/showcase/8729366). The new TV ads are driving a higher percentage of users to our website than previous campaigns
    - Marks a shift for our brand from disrupter to challenger in the battle to become the teeth straightening brand of choice
    - New messaging will reinforce our move up the demographic ladder to higher income groups in both adult and teen categories
- Investments in the GP channel and our Partner Network are supported by growth in adoption and use of telehealth by the dental and orthodontic industries continues
  - We have 500 practices in our Partner Network that are already active or pending training with over 1,000 in the pipeline in both the U.S. and international markets
- 75% of our market opportunity resides in Rest of World markets
  - In two years, SDC brand awareness in international markets is comparable to the levels of awareness it took us five years to achieve in the U.S. We are overinvesting above our long-term selling & marketing targets in 2H 2021 to drive penetration rates, raise brand awareness and relaunch in larger markets such as Germany and Spain that have the potential to perform similar to the UK and Australia

(1) SDC U.S Brand Tracker survey data in Q2 2021. US consumers age 18-65. Sample size (n) = 1,000.

2021 annual guidance.

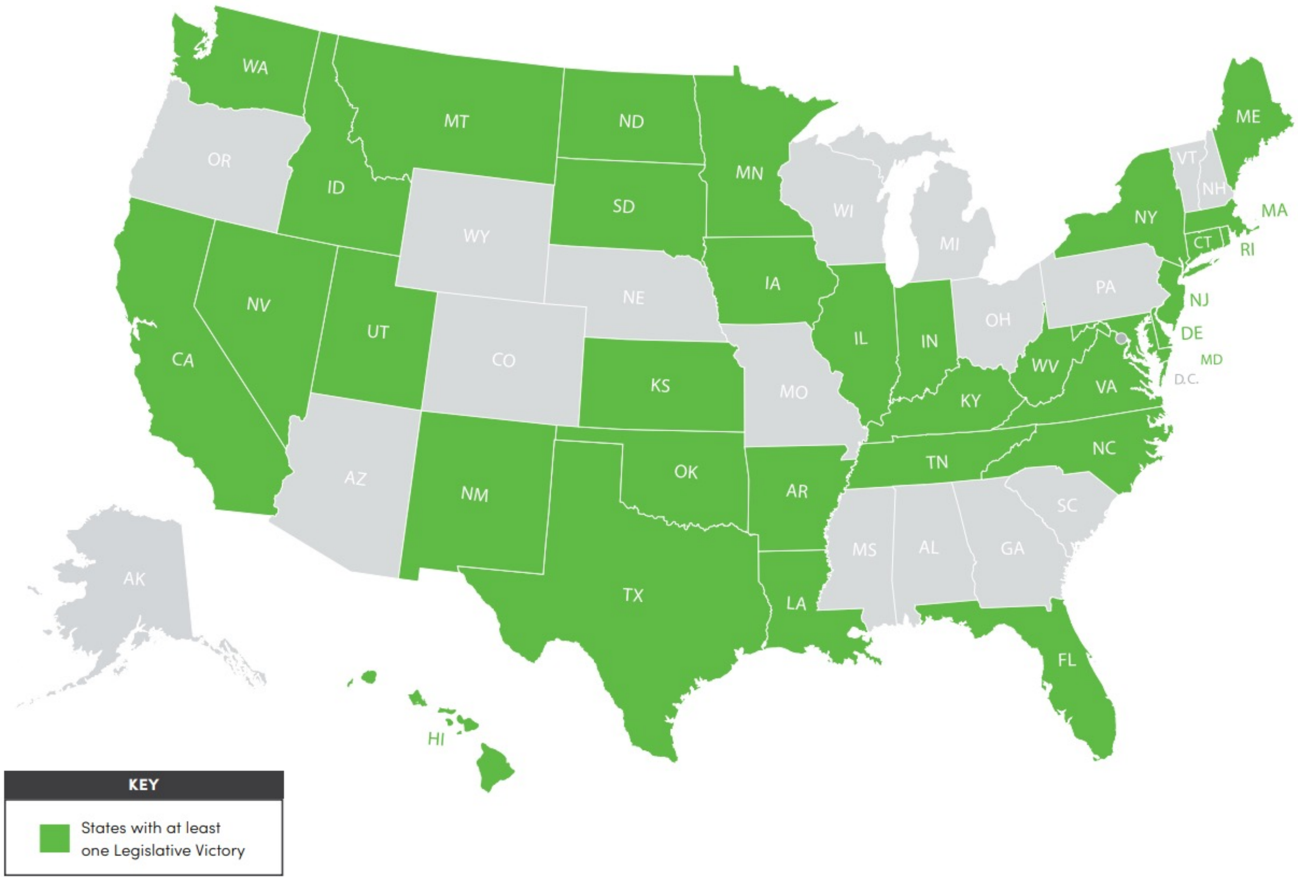
- We expect 2021 full year revenue to be between $750mm - $800mm.
- Macro trends persisted into July from a demand perspective, but the business can be highly variable on a month-to-month or quarter-to-quarter basis. For example, March 2021 was one of the best months we have had for gross orders, which we believe was correlated with the timing of stimulus payments, along with other factors.
- Assumptions underlying the $750mm:
  - We would expect a higher Q4 than Q3, driven by typical seasonality we see in Q4, along with a small ramp in Germany and Spain.
  - A continuation of the macro headwind that was evident in the latter half of Q2 into Q3.
- Assumptions underlying the $800mm. Note this does not assume that all of these occur, but that there is some combination of the factors below:
  - As noted above, we would expect a higher Q4 than Q3, driven by typical seasonality we see in Q4.
  - Return of normal consumer spending patterns for our target demographic (return to a normal macro environment).
  - Success with our Challenger Campaign – which officially launched in July as we launched TV.
  - Success with reallocating marketing dollars from Facebook to TV.
  - Success in Germany and/or Spain as we relaunch those markets with enhanced marketing spend in the second half of the year.
  - Greater Partner network adoption. We have a professional network of dental partners with 1,800 locations and 500 of them are already active or pending training. We plan to invest significantly in the partner network in the back half of the year.
- Margins Outlook:
  - Gross margin (as a percentage of total revenues) in the mid-70% range through the second half of 2021.
  - Sales & marketing (as a percentage of total revenues) in the range of 50%-55% through the second half of 2021.
  - G&A dollars spent are expected to slightly grow seasonally to support growth in the back half of the year and in preparation for Q1 growth.

Regulatory success.

- More states are passing tele-dentistry laws and refusing to pass laws that put up barriers to care
  - Won in 28 states since the 2020 legislative session
  - Successfully defended existing laws in 7 other states

- Recent 11th Circuit Court of Appeals ruling sends a message to other dental boards who have been engaging in anti-competitive behavior and anti-competitive conduct to preclude our growth
  - AL and GA dental boards both lost appeals that will allow us to proceed with discovery in our lawsuits with no right for them to appeal until conclusion of a full trial

Map of Legislative Wins



Growth Initiatives.

Continued momentum across our three key revenue growth drivers.

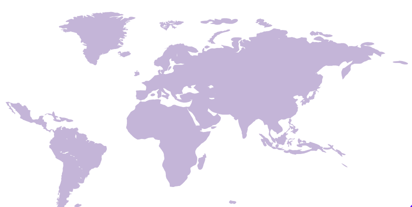
New Acquisition Channels

- We are focusing on accommodating new consumer on-ramps to our clear aligner therapy through the professional channel, corporate and insurance partnerships, and retail.
  - On the professional channel: Our Partner Network is now active across ~500 GP practices with 1,800 in the network. We also have ~1,000 locations in the pipeline from both domestic and international markets.
  - On corporate and insurance partnerships, we recently launched a new way for members to instantly check their coverage on our website. This service is now available for 6 of the 10 largest U.S. dental insurers. We will be running advertising to support this effort and believe it could be an efficient lead strategy as well as a great member experience.
  - On the retail side: our oral care products are now available at over 12,500 locations nationwide with retailers such as Walmart, Amazon, CVS, Walgreens, Sam's Club, and SDC.com
    - 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
- In 2020, we launched SmileDirectClub Teen.
  - Designed just for teens, this offering includes 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.
- We have launched into 13 markets since January of 2019; including our recent launch into Mexico and plan to launch into additional locations in Europe, Latin America and Asia Pacific throughout 2021 and beyond.
- New international markets, such as Germany and Spain, were slower to scale than we anticipated in 1H 2021 due to the lingering effects of COVID.
  - We are overinvesting in these markets in 2H 2021 and effectively relaunching them.
- Our International business was 16.4% of our revenue in Q2 2021; but represents approximately 75% of the market opportunity.

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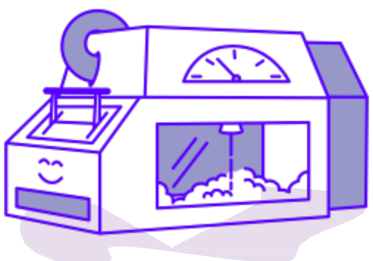
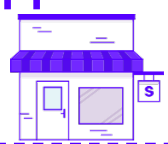
Cost Levers.

Leveraging automation, sales and marketing efficiency, and cost discipline to drive towards profitability.

Lever	Initiatives	Long Term % of Revenue
Automation 	• We are making good progress on automation with our 2nd Gen machines now producing approximately 85% of our aligners. We expect approximately 90% by the end of Q3. • Streamlining our cost profile through operational efficiencies, will not only improve our margin profile, but more importantly, will provide a consistently superior customer experience that meets our expectations and upholds our brand promise.	*Gross Margin: 85%*
Leverage omnichannel approach 	• Our efficient deployment of acquisition spend, continued advancements in aided awareness and referral rates, and access to highly efficient lead sources have positioned us to continue to perform well against our long-term targets in the quarters to come • We expect to continue to over-invest in international markets via brand awareness to drive long term growth	*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%*

Long-term Adjusted EBITDA[1] margin of 25%-30%

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

Appendix.

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Macro Factors Impacting Our Target Demographic.

Economic Realities.

- A combination of factors is likely contributing to the headwinds constraining discretionary spending for the core SDC target demographic [(1)]:
    - Inflation: The increased cost of non-discretionary goods and services is likely limiting the ability to spend on discretionary goods and services.
    - Preferences: The reopening of the economy has been more focused on goods than services, so when choices are being made, goods are being prioritized in the wallet over services.
    - Joblessness: The pervasive unemployment in four of SDC's larger markets (CA, NY, TX FL) represents 40% of the nation's continuing claims through July 10, 2021. For those who are or remain unemployed, their household income is likely lower versus last year, reflecting lower unemployment benefits on a year-over-year basis.

- All-time high cost-per-lead metrics on social platforms such as Facebook has affected costs and top-of-funnel weakness:
    - Apple began enforcing its AppleTrackingTransparency framework on April 26, 2021 in tandem with the release of iOS 14.5 for users.
    - Platforms such as Facebook and Instagram faced loss of user data from the app platform as users are automatically opted out of app-to-app tracking and shifts in conversion time for both opt-in and opt-out audiences.
    - To put this into perspective, our cost-per-lead metrics were up over 100% on a quarter-over-quarter basis, and we have seen it continue to rise into Q3.
    - We are pivoting our marketing strategy to combat this and will share more updates in future quarters on how they are progressing.

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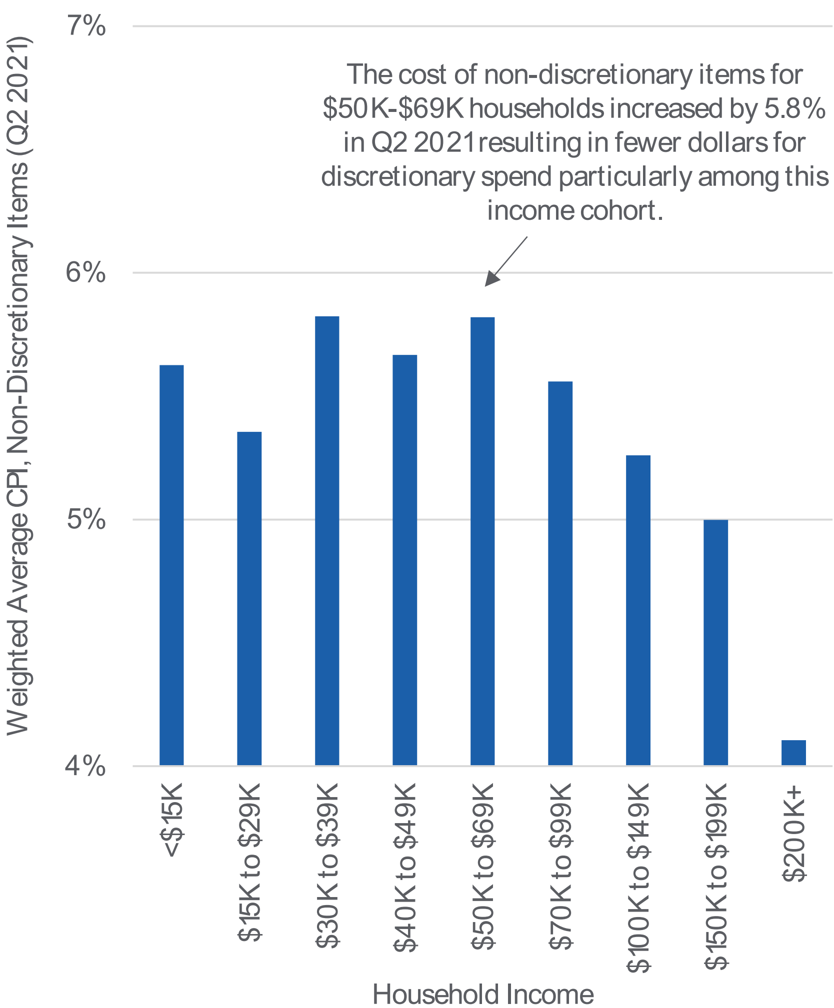
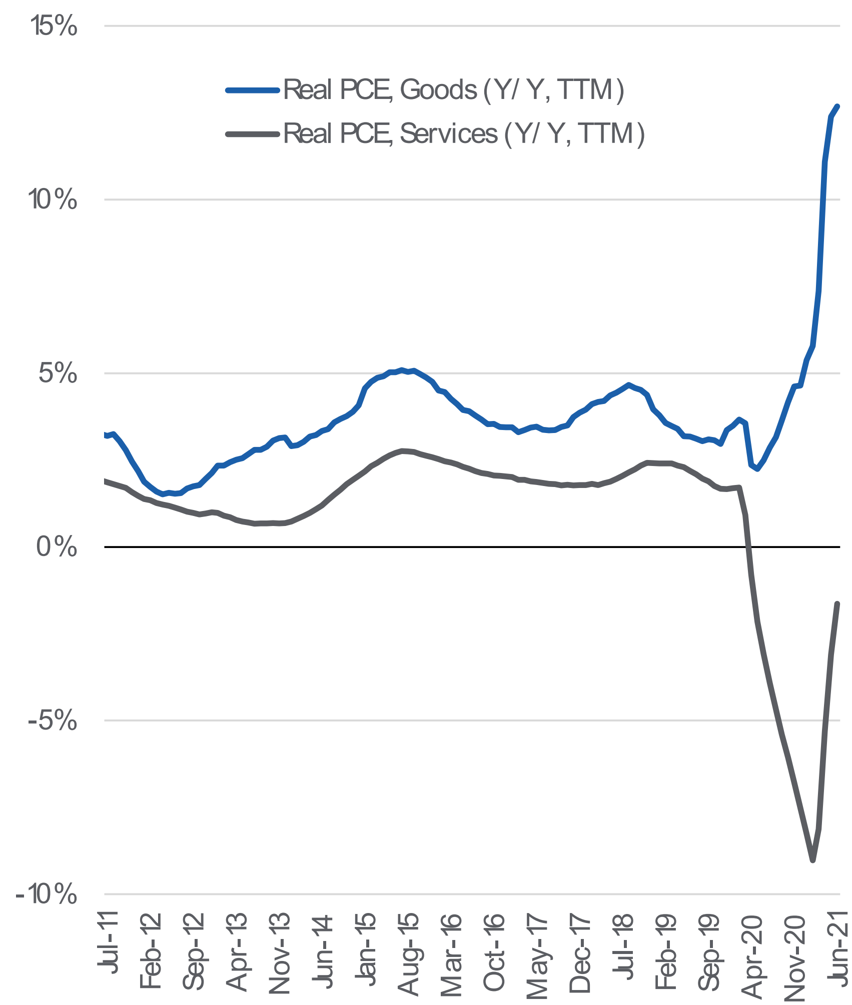
(1) Data collected from Bureau of Labor Statistics, Bureau of Economic Analysis, Department of Labor, and Department of Treasury.

SDC core customer seeing outsized increase in price of non-discretionary purchases

Resulting in less discretionary capacity for $50k-$69k

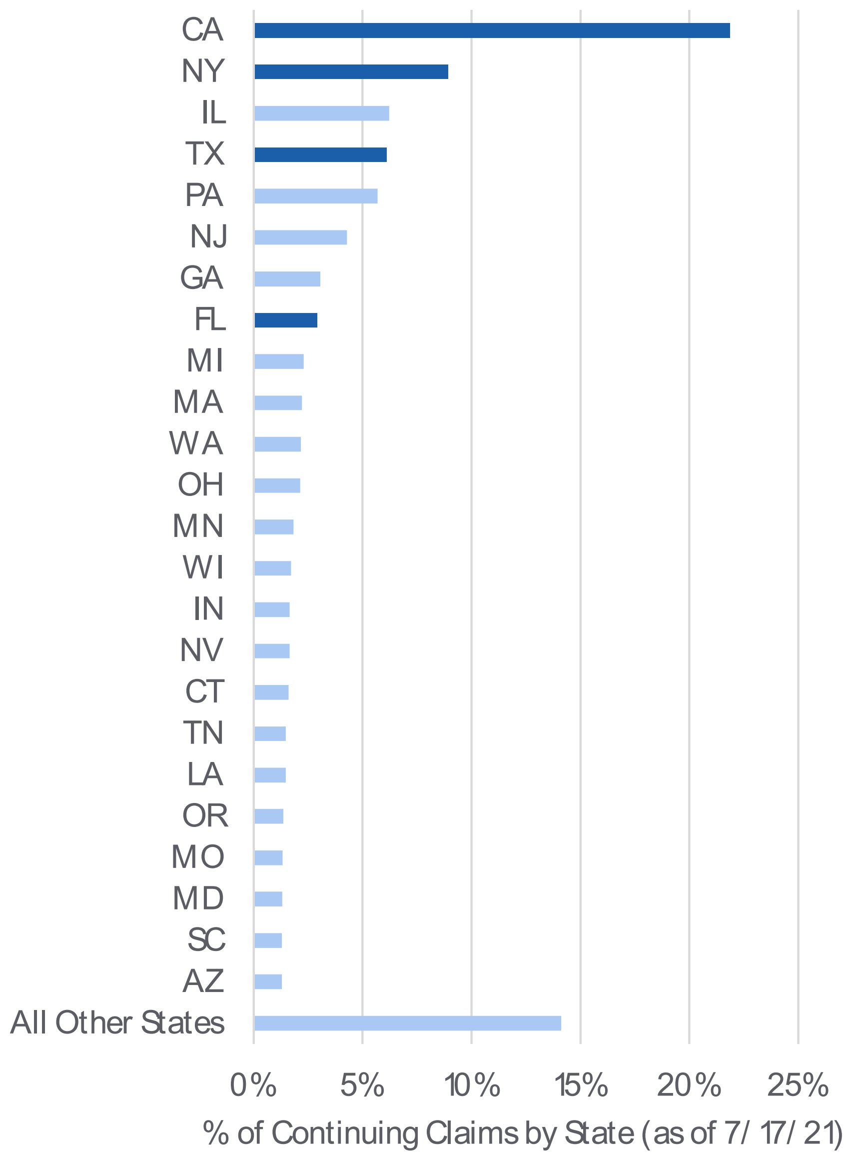


Re-opening economy prioritizing products vs. services

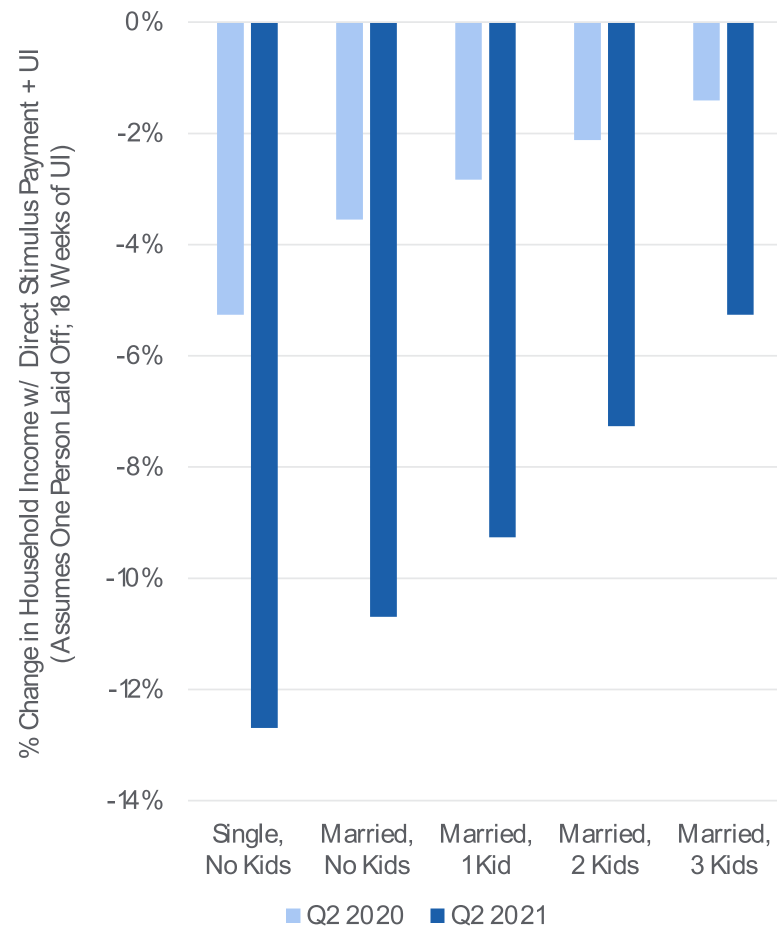


Joblessness impacting capacity to spend among SDC core customer base

SDC's top 4 states represent 40% of continuing claims



$70k unemployed households worse off in Q2 2021



- The above is for someone earning $70K household income and becomes unemployed. It compares this year vs. last year and shows the impact of take-home income. For example, last year, married with two kids, income decreased by 2% during Q2. During Q2, this year it was a 7% decrease.

Partner Network Overview & Case Studies.

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 Case Studies.

- Our Partnership Network is currently extended across 1,800 practices in the U.S., and live or pending training in 500 of those practices
    - A strong cadence of additions is expected during 2H 2021 and beyond, with approximately 1,000 locations in the pipeline from both domestic and international markets
    - 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 referrals into our clinical partners to increase and introduce new patients

- **Recent Case Studies**
    - Recent case studies demonstrate how impactful the Network can be for practitioners
        - Dr. Spencer, A Healthy Smile (private practice; highly focused on converting internal patients):
            - Within two months, submitted 61 patients into SDC which will be a large contribution in income to the practice
        - SmileBrands (operates in 30 states with over 700 offices and 50 affiliated brands):
            - SDC has scheduled over 1,000 patients at their offices through numerous lead sources such as Partner SmileShop, pop-ups, and hygiene referrals
            - These leads equate to $3 million to $5 million in potential lifetime value

Summary of Clinical Efficacy of SDC Therapy.

Journal of Dental Research and Reports: Clinical study confirms effectiveness of clear aligner teleorthodontic care

"The aim of the study was threefold:

- to objectively assess the clinical effectiveness of teleorthodontic treatment with clear aligners on maxillary and mandibular incisor alignment utilizing the SmileDirectClub® teleorthodontic platform.
- to objectively measure differences in clinical effectiveness between treatment supervised by general practitioners versus orthodontic specialists
- to subjectively consider patient satisfaction after the teleorthodontic treatment with clear aligners and the relationship between satisfaction and whom the treatment was provided by."

Conclusion:

"Study data suggest that teleorthodontic treatment with clear aligners is clinically effective in the correction of maxillary and mandibular incisor alignment problems (crowding or spacing) less than 6 mm. There appears to be no difference in clinical effectiveness between teleorthodontic treatment with clear aligners supervised by general practitioners versus orthodontic specialists. Patient satisfaction after teleorthodontic treatment with clear aligners seems to be unrelated to who provided the treatment, general practitioner or orthodontic specialist."

- Dr. Marc B. Ackerman, Journal of Dental Research and Reports, "Teleorthodontic treatment with clear aligners: An analysis of outcome in treatment supervised by general practitioners versus orthodontic specialists," Volume 2:1-4, May 16, 2019

Other SEC Related Disclosures.

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Net Income to Adjusted EBITDA.

	Three Months Ended June 30,	
(In thousands)	2021	2020
Net loss	$(55,256)	$(94,666)
Depreciation and amortization	16,709	13,915
Total interest expense	1,937	10,050
Income tax expense	(13)	(1,419)
Loss on extinguishment of debt	--	13,781
Equity-based compensation	12,007	10,821
Other non-operating general and administrative costs	2,139	27,230
Adjusted EBITDA	**$(22,476)**	**$(20,288)**

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

Cash Flow From Operations to Free Cash Flow.

	Three Months Ended June 30,	
(In thousands)	2021	2020
Cash Flow From Operations	$(31,014)	$(15,444)
Cash Flow From Investing	(22,322)	(19,738)
Free Cash Flow	**$(53,336)**	**$(35,182)**

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

Gross to net revenue bridge.

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Total Unique Aligner Orders Shipped(1)	**57,136**	**93,301**	**101,794**	**106,345**	**90,006**
Average Aligner Gross Sales Price ("ASP")	$1,817	$1,794	$1,820	$1,860	$1,885
Aligner Gross Revenue	**$ 103.8**	**$ 167.4**	**$ 185.3**	**$ 197.8**	**$ 169.7**
Implicit Price Concession(2)	(9.3)	(13.4)	(14.2)	(12.8)	(10.2)
Reserves and other adjustments(3)	(16.6)	(14.7)	(16.1)	(17.5)	(16.7)
Aligner Revenue(4)	**$ 77.9**	**$ 139.3**	**$ 155.0**	**$ 167.5**	**$ 142.8**
Financing Revenue(5)	12.7	12.0	12.0	10.7	11.6
Other Revenue and adjustments(6)	16.5	17.2	17.6	21.3	19.8
Total Net Revenue	**$ 107.1**	**$ 168.5**	**$ 184.6**	**$ 199.5**	**$ 174.2**

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 2020 $1.997mm for Q220, $1.927 for Q320, $1.914 for Q420, $1.748 for Q121 and $1.773 for Q221. 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.

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