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2020 Q1 Results
May 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 March 31, 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"). We provide a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure 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 March 31, 2020.

Over 1 million happy grinners.

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 medtech platform with unique value propositions.

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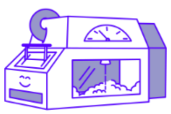
1. Mission-driven brand with positive member experience.
2. Omni-channel presence with a large SmileShop network.
3. Exclusive licensed doctor network across the U.S., Canada, U.K., Australia, New Zealand, Ireland, Hong Kong, & Germany.
4. SmilePay captive financing increases accessibility and reduces 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
Members

Control of our destiny
Compelling unit economics
Accelerating growth
Business

1mm+ members
treated with aligners.



3,800 Wal-Mart stores
Full line of oral care products.

~250 licensed orthodontists and dentists[1]

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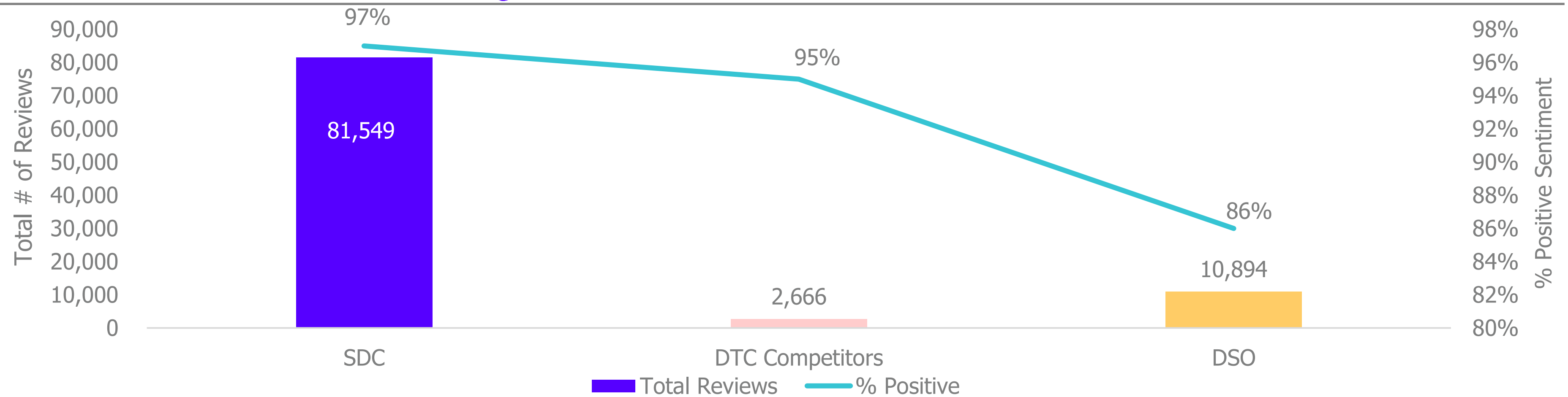
Note: SDC metrics as of March 2020.

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

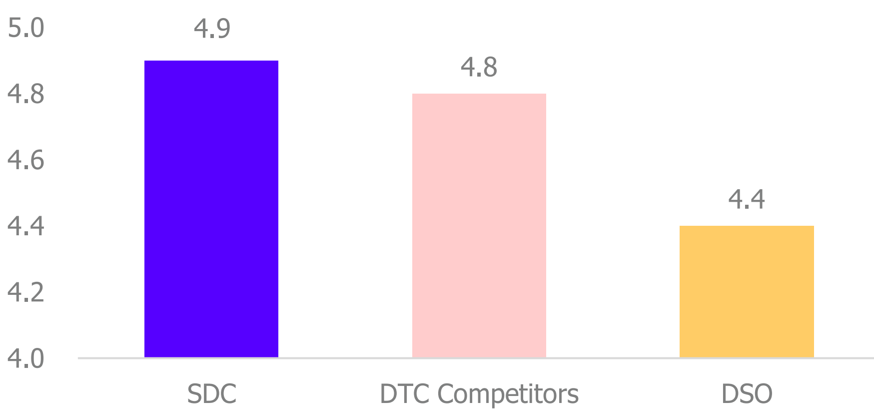
SDC has built a brand at scale that our members love.

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

Google Reviews & Member Sentiment



Customer Rating(1)



NPS 51(2) – one of the highest in spec. healthcare industry.

Approx. 20% of members come from referrals.

BBB rating of A+

Average rating 4.6 / 5.0 with approx. 180K member reviews(3).

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Source: Internal company surveys, public information. Data as of March 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.

Financial Results.

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Gross to net revenue bridge.

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

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total Unique Aligner Orders Shipped[1]	**42,827**	**66,692**	**72,387**	**76,372**	**109,894**	**122,047**	**106,070**	**115,042**	**122,751**
Average Aligner Gross Sales Price ("ASP")	$1,731	$1,739	$1,773	$1,797	$1,767	$1,761	$1,788	$1,771	$1,770
Aligner Gross Revenue	**$ 74.2**	**$ 116.0**	**$ 128.3**	**$ 137.3**	**$ 194.1**	**$ 214.9**	**$ 189.6**	**$ 203.7**	**$ 217.3**
Implicit Price Concession[2]	(7.5)	(11.9)	(13.3)	(13.8)	(17.3)	(18.9)	(15.5)	(16.3)	(21.3)
Reserves and other adjustments[3]	(2.6)	(4.5)	(5.3)	(6.5)	(11.6)	(14.6)	(12.0)	(12.9)	(25.1)
Aligner Revenue[4]	**$ 64.1**	**$ 99.6**	**$ 109.7**	**$ 117.0**	**$ 165.2**	**$ 181.5**	**$ 162.2**	**$ 174.5**	**$ 170.9**
Financing Revenue[5]	3.6	5.9	7.2	8.4	9.1	10.6	11.5	12.7	12.7
Other Revenue and adjustments[6]	0.7	1.1	2.8	3.1	3.4	3.8	6.5	9.5	13.0
Total Net Revenue	**$ 68.4**	**$ 106.6**	**$ 119.7**	**$ 128.5**	**$ 177.7**	**$ 195.8**	**$ 180.2**	**$ 196.7**	**$ 196.7**

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 Q120. 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.

Q1 2020 results.

- Revenue for the quarter was $197 million, which represents an increase of 11% over the first quarter of 2019.
  - This increase was driven primarily by a 12% YoY increase in aligner shipments which came in at 122,751.
  - Adjusted for the impact of COVID, revenue would have been over $235mm as we only shipped aligners for 87% of the quarter and increased our reserves by over $12mm as a result of the economic uncertainty with COVID.

- Gross margin for the quarter was 70%, a 288-basis point decline versus the prior year.
  - Declines were largely driven by costs incurred through the end of March, even though we closed our facilities on March 20th.

- Q1 Adjusted EBITDA[1] was negative $67mm for the quarter, but negative $5mm in February. We expected similar performance in March without the impact of COVID.

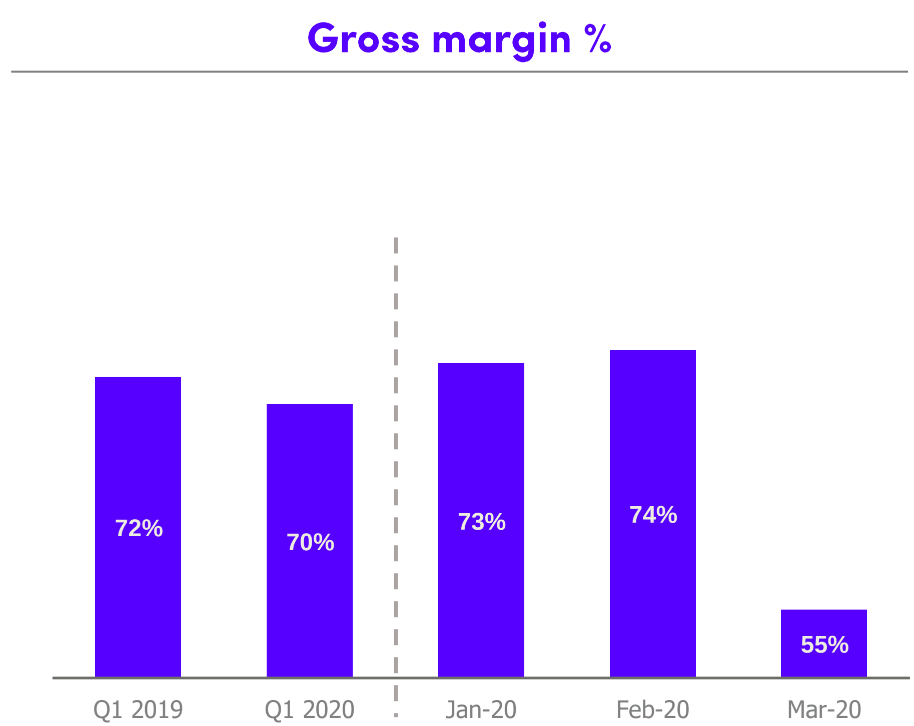
	Q1 2020	YoY
Net Revenue	$ 196.7mm	*+11%*
Gross Profit	$ 136.9mm	*+6%*
Gross Margin %	*70%*	*-288bps*
Adjusted EBITDA[1]	$ (67.0)mm	*NM*
EPS, Diluted	$ (0.28)	*NA*

Estimated COVID-19 Adjusted Performance		
	Q1 2020	YoY
Net Revenue	$ 235mm	*+33%*
Gross Profit	$ 174mm	*+35%*
Gross Margin %	*74%*	*+200bps*
Adjusted EBITDA[1]	$ (44)mm	*NM*

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

Gross margin.

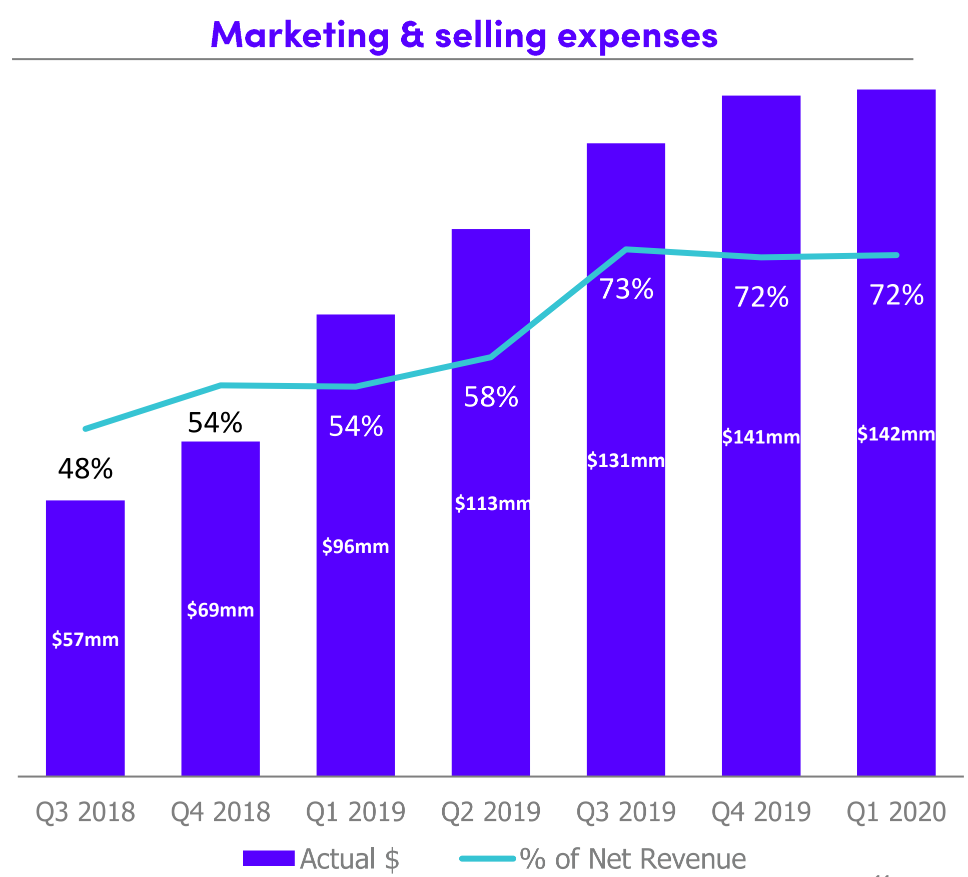
- Gross margin for the quarter was 70%, a 288-basis point decline versus the prior year.
    - These declines were largely driven by costs incurred through the end of March, even though we closed our facilities on March 20th.
    - For example, we paid our team members through the payroll on April 10th.
- A great proxy to normalize this is February, as it came in with a gross margin of 74%.
- We would have expected similar margins in March, had it not been for the COVID crisis.
- Additionally, we continue to focus on streamlining our manufacturing facilities, and we are on track for the rollout of second-generation automation machines by Q4 of this year.
- Our long-term target of 85% of revenue remains intact.



Marketing & selling.

- Marketing and selling expenses came in at $142 million or 72% of net revenue in the quarter, compared to 54% of net revenue in Q1 of 2019.
  - Sequentially, marketing and selling as a percentage of revenue was flat.
- Adjusting for the impact of COVID, marketing and selling as a percentage of revenue would have been approximately 66% of net revenue for the quarter, representing a 600-basis point sequential improvement.
  - It was 56% of net revenue in February, supporting our 66% estimate for the quarter.
- Over the course of Q1, we saw drastic declines in marketing and selling as a percent of revenue, affirming our belief in the cycle-resistant nature of our business model, and pointing to increased efficiencies in marketing and selling.
- Our long-term target of 40-45% of revenue remains intact.

Quarter	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Referrals as a % of Aligner Orders	19%	19%	20%	20%	20%	20%	20%
SmileShop Count	139	190	223	310	366	391	418



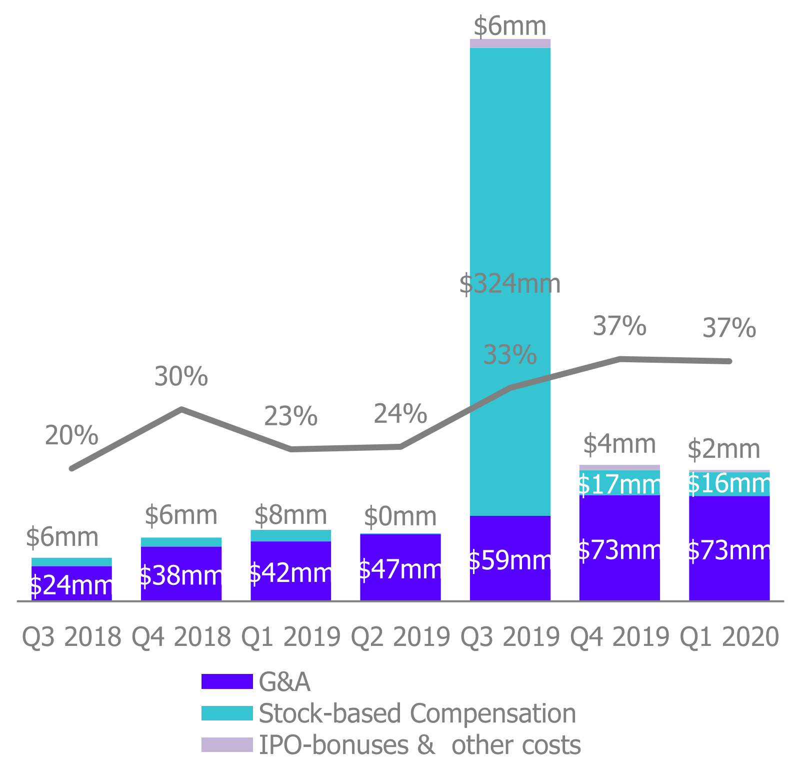
General & administrative.

- General and administrative expenses were $91 million in Q1, compared to $49 million in the prior year period. G&A expenses were down $3.5 million sequentially.

- G&A expenses in January were down 2% from December at $32mm, down 4% in February to $31mm, and down another 9% in March to $28mm.
  - Approximately $7mm of that $28mm is non-cash expenses such as stock-based compensation and depreciation and amortization.

- This decline 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.

General & administrative expenses[1]

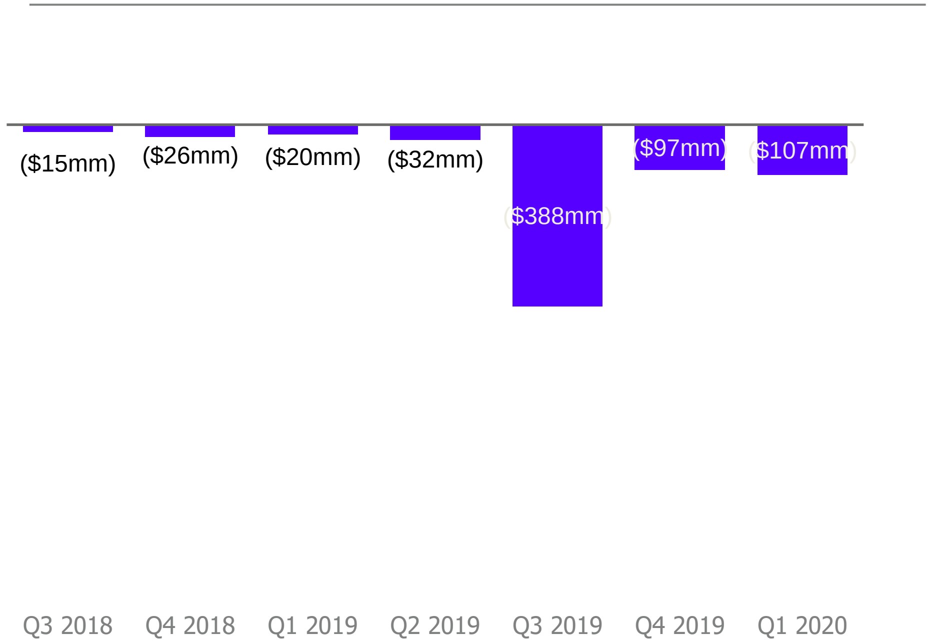


(1) Percentages represent G&A as a percent of revenue, excluding stock-based compensation and IPO and other costs..

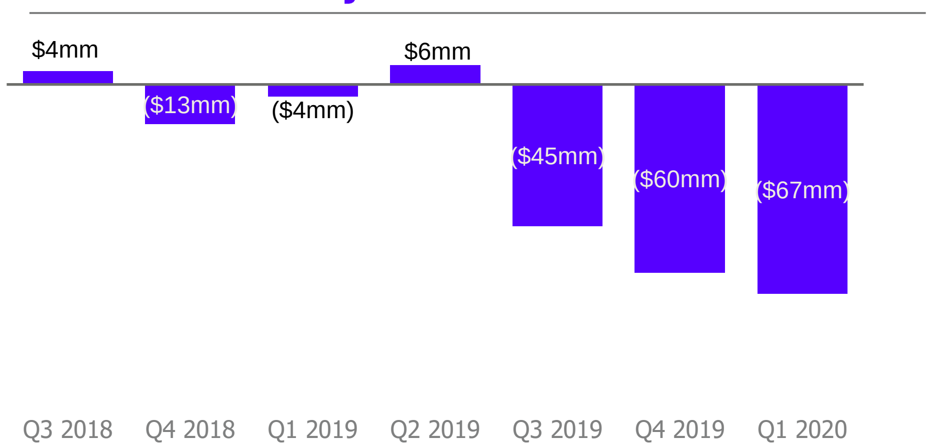
Adjusted EBITDA & net income.

- Interest Expense:
  - Interest expense was $4.0 million in the first quarter, associated with borrowings on indebtedness from our credit facility.
- Taxes:
  - Our provision for income tax was $2.0 million in the first quarter.
    - We generated $30 million of deferred tax assets related to net operating losses in Q1 2020, of which $17 million relates to Federal, $12 million relates to State and $1 million relates to Foreign.
    - No liability was recorded under our Tax Receivable Agreement as part of our Up-C structure during Q1 2020.
- Other:
  - Other expense was $4.9mm in the first quarter, primarily related to non-cash foreign currency transactions.

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 the first quarter with $224 million in cash and cash equivalents.
- Pro forma for the new debt facility, we have approximately $420mm of cash on the balance sheet, after refinancing our prior debt facility.
- Cash from operations for the first quarter was negative $70 million, driven by negative $67 million of Adjusted EBITDA[1]
  - The remainder is driven by change in working capital.
- Cash spent on investing for the first quarter was $28 million, mainly associated with leasehold improvements, capitalized software and building our manufacturing automation.

($ in millions)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Cash	$241.2	$149.1	$547.6[2]	$318.5	$224.4
Debt	$147.1	$205.0	$219.4	$208.5	$221.4
Accounts Receivable, Net	$226.3	$275.1	$311.7	$345.7	$345.3
Cash Flow from Operations	$(38.8)	$(65.9)	$(94.1)	$(141.2)	$(70.4)
Cash Flow from Investing	$(20.6)	$(10.7)	$(28.2)	$(40.0)	$(28.1)
Free Cash Flow	$(59.4)	$(76.7)	$(122.3)	$(181.2)	$(98.5)

(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.

SmilePay Performance.

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SmilePay Performance.

- In Q1 2020, 66% of our members elected to purchase using SmilePay, which is down from 68% in Q1 2019.
  - This percentage has also held steady in April and May, and we have not seen material increases in SmilePay as a percent of total purchases to date.

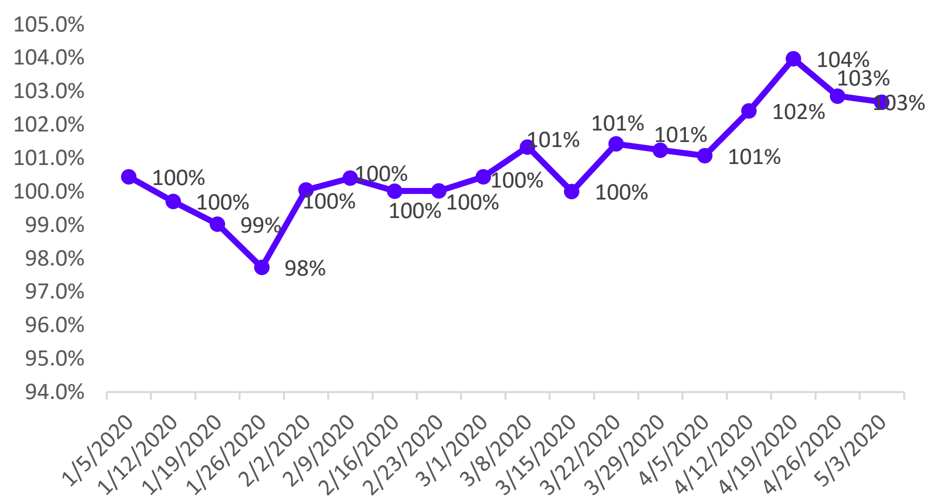
- In Q1, we took a conservative approach to Implicit price concessions, and increased our reserves by ~$12mm given the uncertainty of our economic outlook.

- Our delinquency rates through April were flat to March, which was consistent with the prior 12 months.

- Because we keep a credit card on file, and it is a low monthly payment, we expect SmilePay to continue to perform well.

- We've seen only 1.7% of customers requesting a payment deferral, far below the 4-5% deferral requests you see other lenders facing today.

Indexed Daily Credit Card Authorization Performance



- The index graph above shows performance relative to the start of January on a daily basis.

- As outlined, our success rates on credit card attempts, which is a proxy for monthly payments, has seen no degradation since COVID started.

Appendix.

Net Income to adjusted EBITDA.

	Three Months Ended March 31,	
(In thousands)	2020	2019
Net loss	$(107,400)	$(20,480)
Depreciation and amortization	11,442	4,655
Total interest expense	4,022	3,971
Income tax expense	1,974	20
Equity-based compensation	16,396	7,827
Unrealized foreign currency adjustments	5,188	107
Other non-operating general and administrative costs	1,396	11
Adjusted EBITDA	**$(66,982)**	**$(3,889)**

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

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