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Q1 2022

**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 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.

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 March 31, 2022.**

# A Brand Customers Love & A Business Positioned for Growth.

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

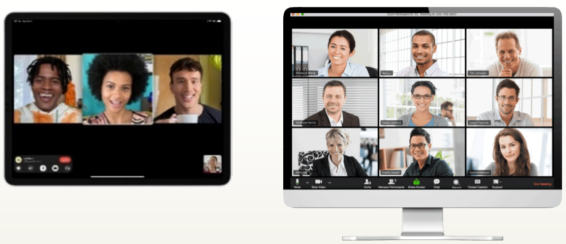
## By providing our club members 24/7 access to their doctor through our proprietary telehealth platform and guaranteeing our members' results for life!

# 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<br>▪ Secular shift from wires and brackets to clear aligners<br>▪ 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 1.7M smiles straightened)<br>▪ Second largest aligner brand and largest DTC orthodontics brand in the world<br>▪ Premier teledentistry platform offering consumers accessibility & convenience |
| 3 | **Leading orthodontic DTC franchise** | ▪ Largest DTC orthodontic franchise in the world provides attractive unit economics and substantial growth despite temporary macroeconomic factors<br>▪ Strong omnichannel presence maximizes consumer addressability<br>▪ 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<br>▪ Professional channel strategy enhances options for consumers to seek treatment, broadening addressability<br>▪ 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<br>▪ >$300M of capex, including streamlined state-of-the-art manufacturing facility in Tennessee<br>▪ 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**

>50% of US adults dissatisfied with their smile

~85% of global population with malocclusion

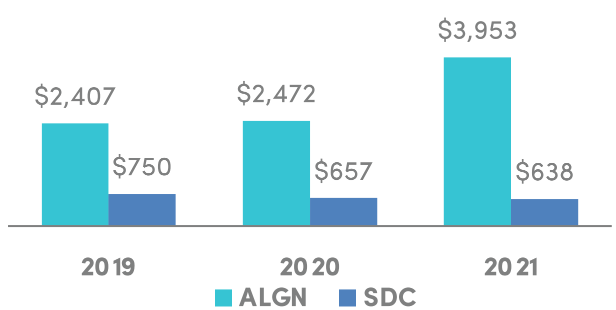
**Consumers demanding accessibility & convenience in all aspects of consumption**

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 revenue ($M)




GAAP gross profit margin (%)

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

**HOWEVER...**

**Market opportunity is too large for only one winner**

**500M**
Total addressable aligner therapy patients

**>$500B**
Global total addressable market

**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**

| Company | Initiative | Brand(s) |
|---|---|---|
| SmileDirectClub | *Direct-to-Consumer* <br> *Direct-to-Office* | jetdental |
| Straumann | *Acquisition of Smilink and Dr.Smile* | SMILINK, DR SMILE |
| Dentsply Sirona | *Acquisition of Byte Technologies and Propel Orthodontics* | byte, PROPEL Orthodontics |
| P&G | *Investor in Grin, a New-York based dental tech company* | GRIN |
| AspenDental | *Launched own clear aligner brand in Jun-21* | motto™ Exclusively at AspenDental |

# We've brought >1.7MM smiles to customers worldwide through our professional network of >240 licensed Orthos & GPs.

**1.7M+** smiles straightened

**332K** initial aligner orders shipped[1]

**14M+** annual aligners trays produced[2]

**240+** affiliated state-licensed orthodontists and dentists in our telehealth platform

**$5B+** saved by consumers who chose SmileDirectClub aligners over braces since 2014[3]

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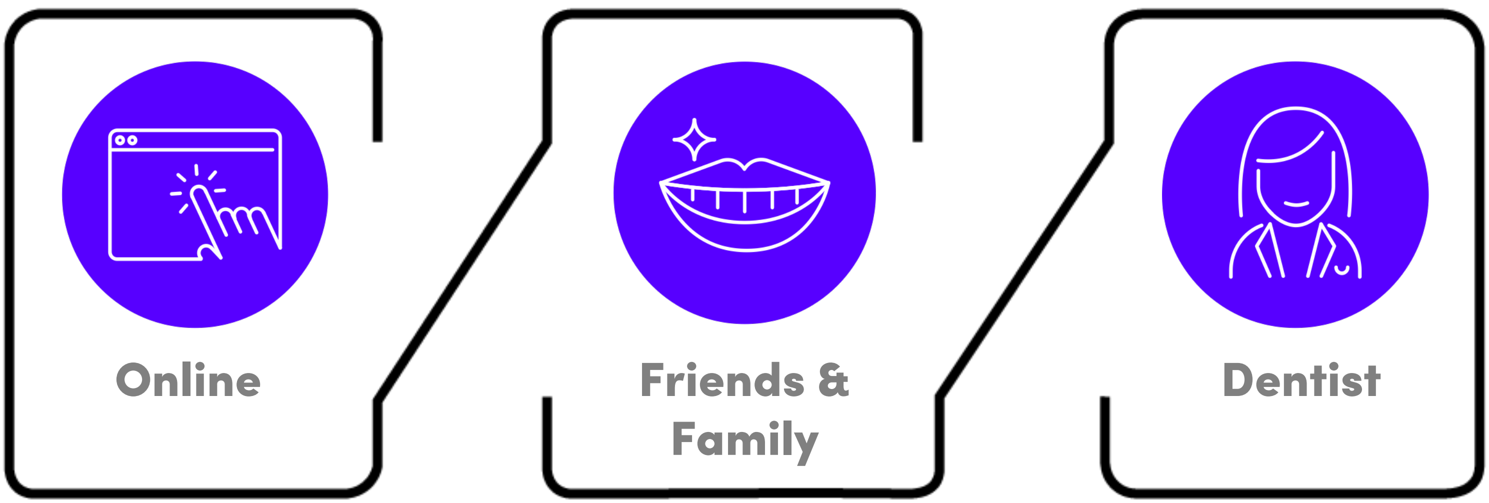
1) Shipped in 2021. 2) Produced in 2021. 3) Calculated using the SinglePay price for SmileDirectClub aligners as of 4/20/2022 vs. average fees (including diagnostics and in-person exams) for treatment of mild-to-moderate malocclusion with braces as reported in a survey of orthodontists. Price comparison does not include additional costs, such as retainers. As treatment is highly individualized, results may not be the same.

# 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.

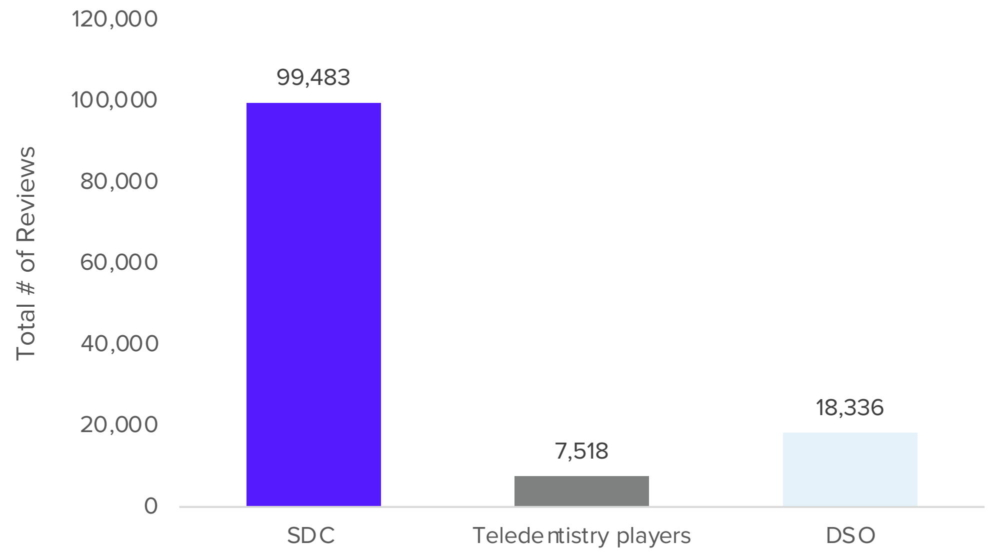
We have made considerable progress on brand perception, and our member satisfaction scores consistently track higher than Telehealth peers.

**Avg Rating[1]**
**4.8/5.0** with over 99K member reviews.

Approx. **20%** of members come from referrals.

BBB rating of
**A+**

## Total Google/Trustpilot Reviews




"I've been wanting straight teeth since my grownup teeth came in! After being told the price and how long braces would be, I looked for other options! I'm so glad I tried SmileDirectClub! It has made so much of a difference in my life."

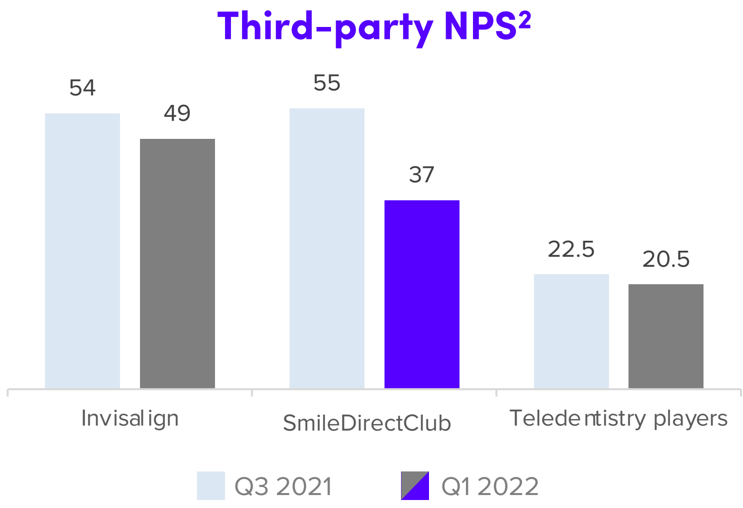
- Lesli N., Camp Verde, AZ

Source: Internal company surveys, public information. Data as of March 2022.
[1] Average of Google and Trustpilot Review Ratings.

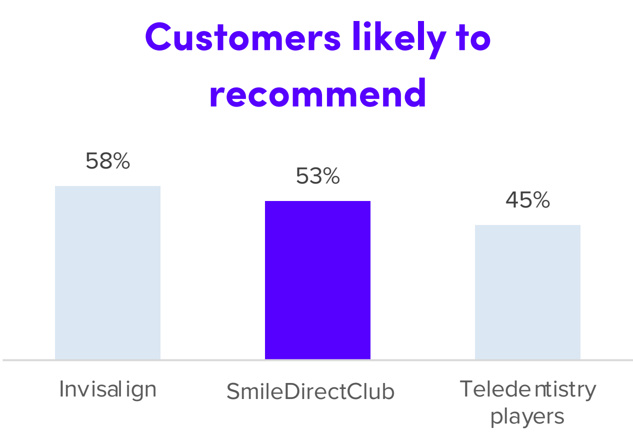
# Our unparalleled customer experience stands out amongst our teledentistry peers.

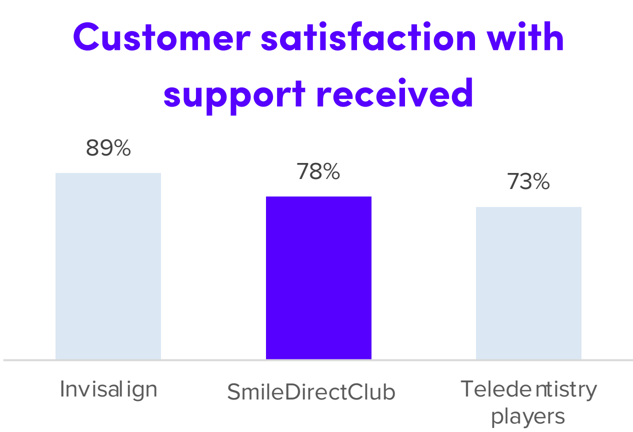
Findings from a survey commissioned by SmileDirectClub by a third-party market research firm with significant expertise in oral care[1]:

- The NPS decline since Q3 is the result of temporary operational challenges from the transition that we announced in January. We acknowledge that we were not delivering against the high expectations we have set for ourselves and what our customers have come to expect. These challenges are temporary in nature, and we have made significant progress already that will be reflected in our NPS in future quarters.




Compared with SDC customers, fewer customers of other teledentistry platforms would recommend the brand and fewer reported being satisfied with customer support.



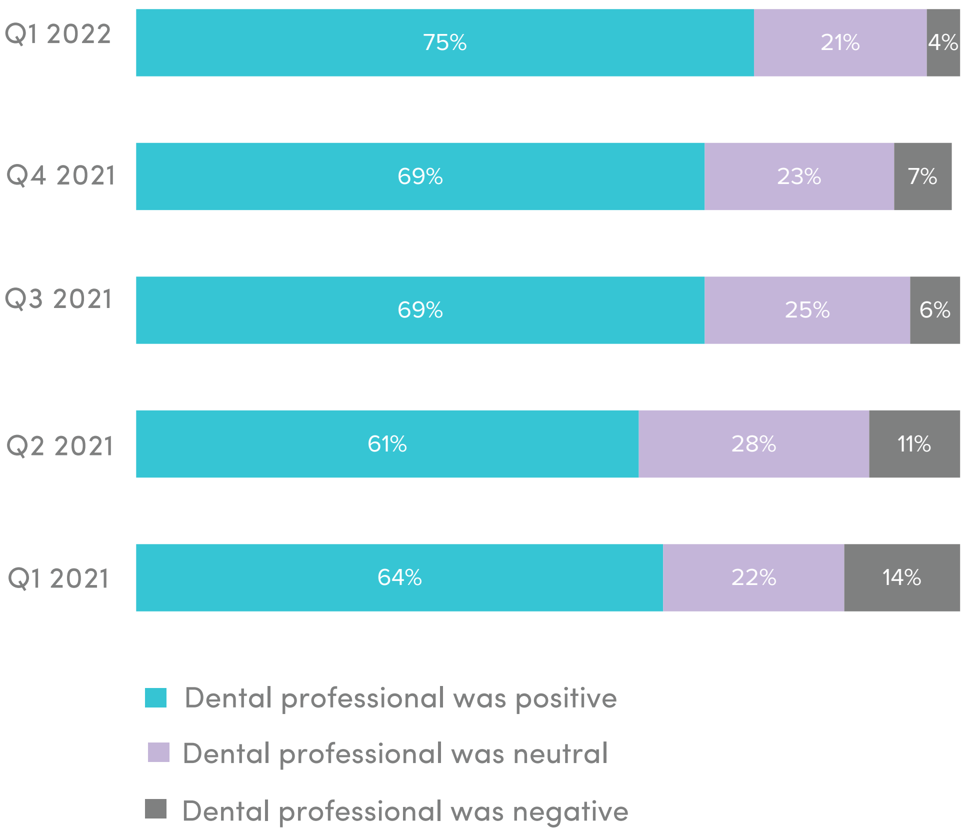

[1] Source: Third-party market research firm research on file at SmileDirectClub; Based on over 1,200 respondents.
[2] Third-party NPS scores were independently sourced and calculated surveying 857 customers who completed clear aligner therapy with SDC, Invisalign, or teledentistry competitors in the last 12 months.

# 70% of customers consult with a dental professional when considering their options for teeth straightening…

Of those who consulted with a dental professional, there has been a significant shift year over year with fewer doctors expressing a negative sentiment and more expressing a SmileDirectClub positive sentiment – in-line with Invisalign.

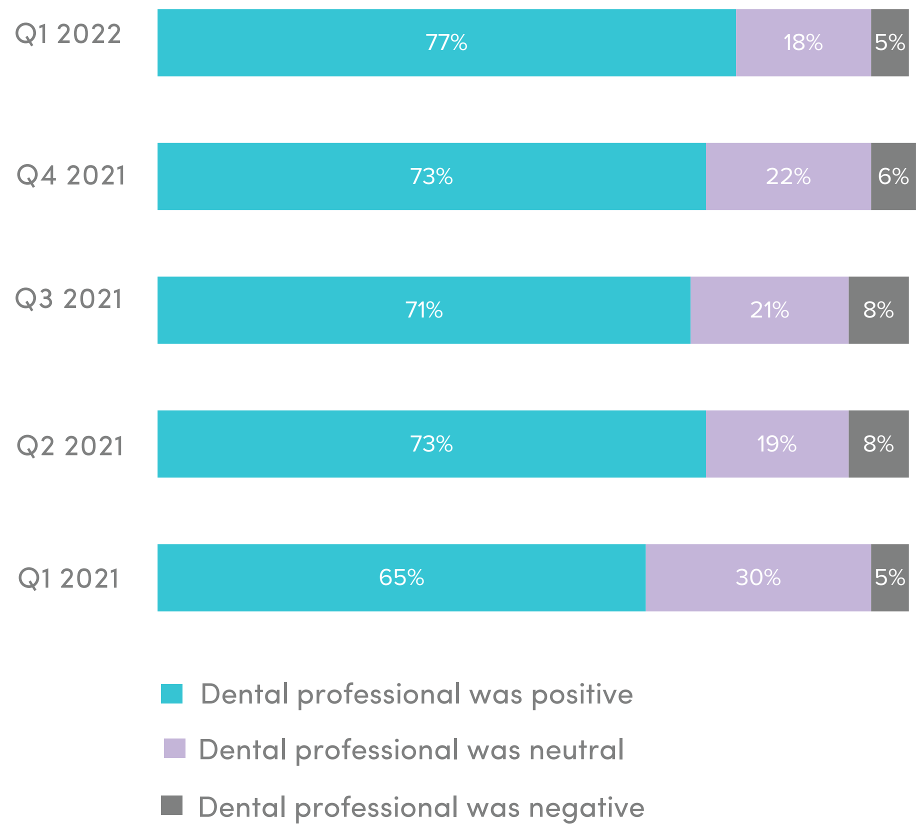
## SmileDirectClub

(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): Q1 2022. 1) 122 responses. 2) 168 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]

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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 | American Association of Dental Boards | American TeleDentistry Association | ata MEMBER | WOMEN IN DSO | ADSO Association of Dental Support Organizations

[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

1.7M 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 26 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

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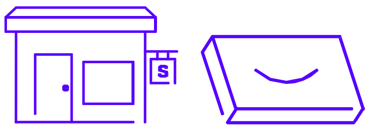
# Utilizing clinically distinguished teledentistry to offer clear aligners affordably and conveniently.

| Traditional orthodontic model | smile DIRECT CLUB |
|---|---|
| **Cost** | |
| $5,000 — $8,000 | **$2,050[1]** |
| **Convenience** | |
| 10 – 15 orthodontist visits | **Doctor-directed remote teledentistry**<br>**In-office visit optional** |
| 12 – 24 months | **5 – 10 months** |
| | **Kits, SmileShops, dentist office** |
| **Access** | |
| Limited access to treatment<br>*(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**<br>**100% approval rating** |



(1) Increased to $2,050 from $1,950 in April 2022 for U.S. with increases targeted for rest of world in Q2 and Q3 2022.

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



## 3D image

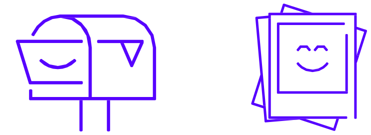
3D image
or impression kit

## Treatment setup & purchase

Treatment plan setup, doctor review, & purchase

## Manufacturing

Aligner manufacturing & fulfillment



## Treatment & maintenance

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.

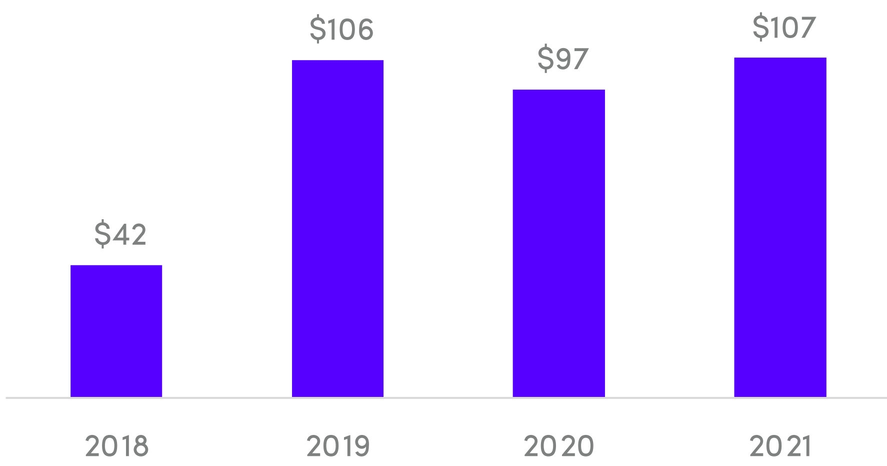
**Urgency matters.** Within 24-48 hours of the 3D image capture, dental technicians and doctors work together to create and approve a treatment plan in SmileCheck, while a 3D preview of the new smile is sent to the member. The speed of treatment plan design aids in the purchase decision.

**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 have mandatory check ins every 60 days.

# Substantial strategic value in vertically integrated business model.

## Historical Capex Over Time ($M)




## Facilities Overview

**Antioch & Columbia, TN**

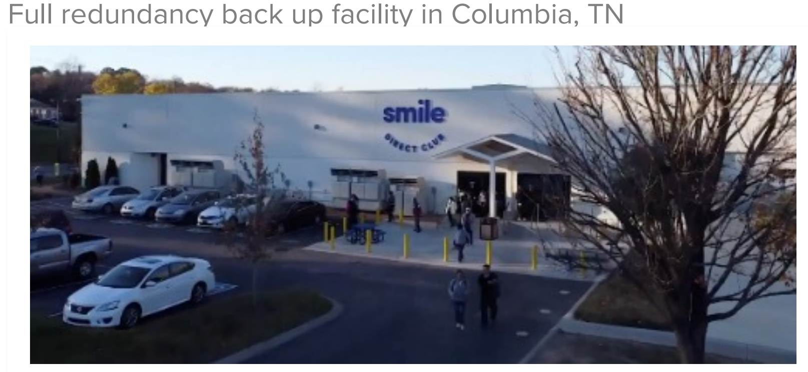
- 307K sq. ft combined

**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**

# Q1 Financial Results.

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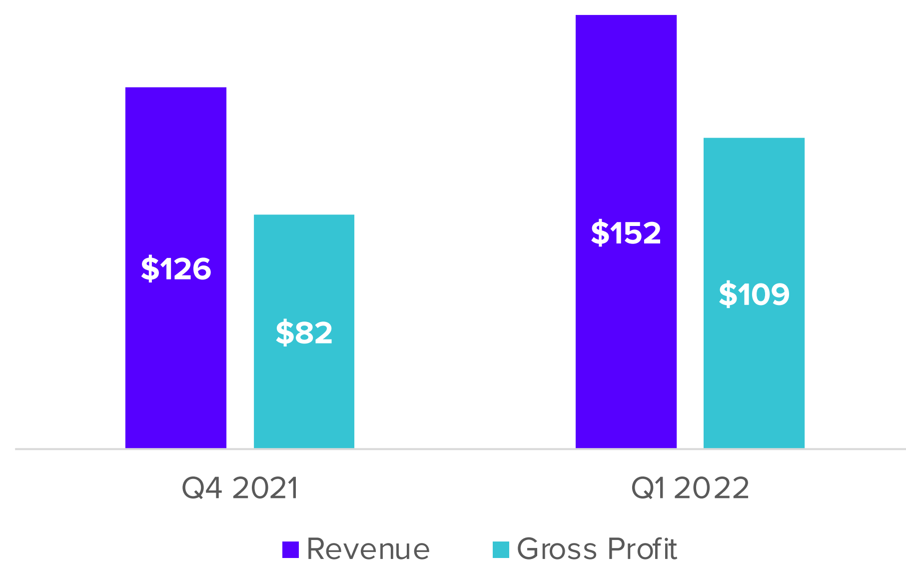
# Q1 2022 Results.

- Revenue for the quarter was $151.6 million, which is down (24.0%) year-over-year and up 20.1% over Q4 2021, primarily due to the seasonal trends for increased aligner orders from Q4 to Q1.
- Gross margin for the quarter was 71.6%, which represents a (435 bps) decline year-over-year, and a 673 bps increase compared to Q4 2021. This sequential increase over prior quarter is primarily due to increased revenue and prior quarter one-time costs associated with SmileOS startup and lower retail margin associated with higher operational expense and excess inventory costs.
    - After adjusting for one-time items mentioned above in Q4 2021, gross margin increased 273 bps in Q1 2022 compared to Q4 2021
- Q1 Adjusted EBITDA(1) was $(34.4mm) for the quarter, an improvement of $27.2mm compared to Q4 2021 due to increased revenue and cost actions taken beginning in January and continuing throughout the quarter.
- Net loss for the quarter was ($73.2mm).

| | Q1 2022 | QoQ | YoY |
|---|---|---|---|
| Net Revenue | $ 151.6mm | *20.1%* | *(24.0%)* |
| Gross Profit | $ 108.6mm | *32.5%* | *(28.3%)* |
| *Gross Margin %* | *71.6%* | *673 bps* | *(435 bps)* |
| Adjusted EBITDA(1) | $ (34.4mm) | *$ 27.2mm* | *$ (39.4mm)* |
| EPS, Diluted | $ (0.19) | *$ 0.06* | *$ 0.06* |

**Sequential Revenue & Gross Profit *($ in millions)***

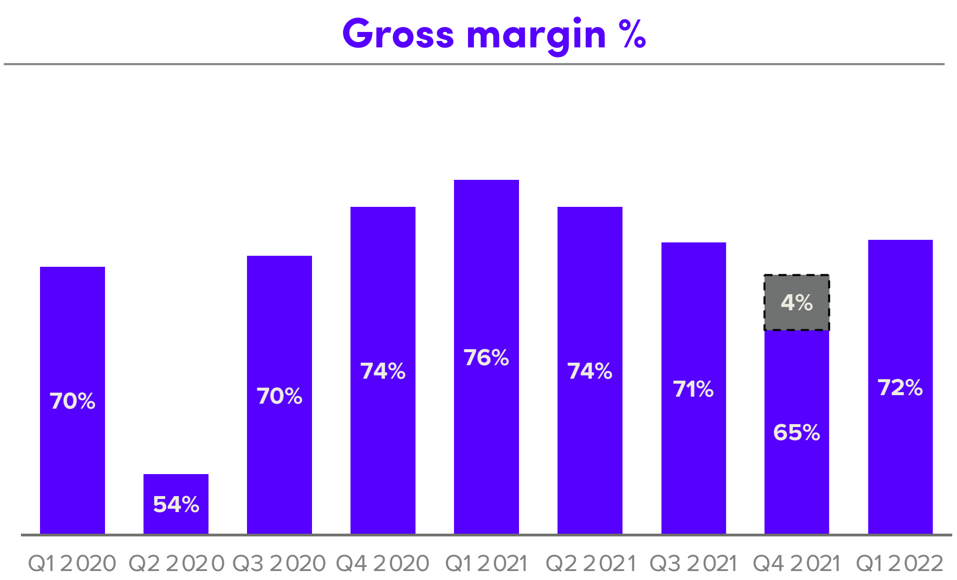


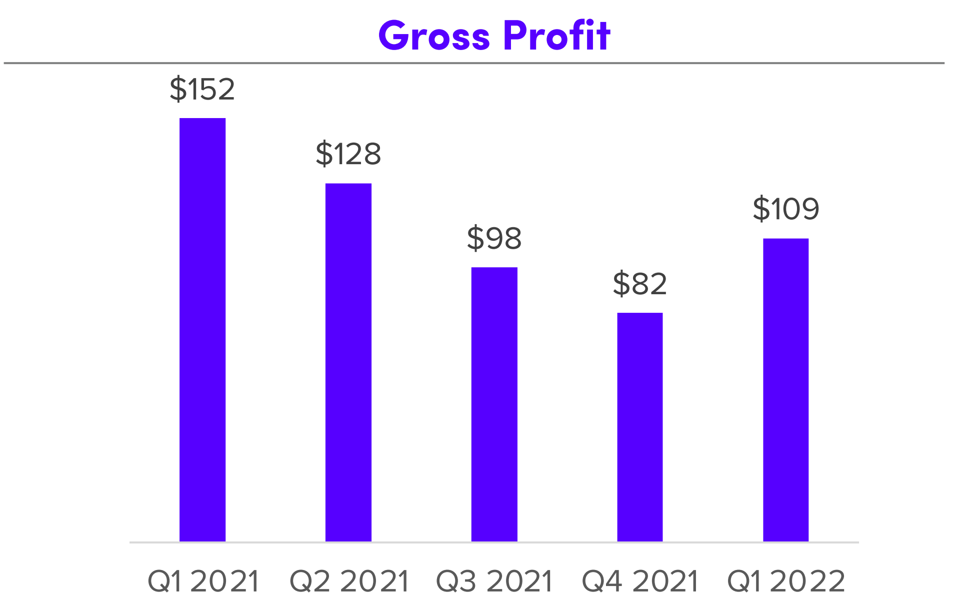

**Q1 2022 revenue increased 20.1% compared to Q4 2021 with Gross Profit up 32.5%**

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

# Gross Margin.

- Gross margin for the quarter was 72%, which represents a 673 bps increase compared to Q4 2021. This increase is largely attributable to increased revenue along with the following items:
  - In Q4 2021, 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 had an approximate 400 bps impact on margin.
  - When accounting for the items noted above, Gross Margin for Q1 2022 was up 273 bps vs. Q4 2021
- On COGS, we have continued to make great progress on manufacturing automation with our 2nd Gen machines producing approximately 90% of our aligners in the quarter.

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# Marketing & Selling.

- Marketing and selling expenses were $97 million, or 63.8% of net revenue in the quarter compared to 78.6% of net revenue in Q4 2021.
  - These results reflect a reduction in spend for targeted international markets exited in January along with efficiency improvements in the quarter in the US and Canada

- On locations, we had 110 permanent SmileShop locations as of quarter end, compared to 140 locations at the end of Q4 2021
  - Changes between Q4 represent the permanent closure of 38 locations by suspension of operations in targeted international markets in January 2022 and 8 net new locations added in remaining markets

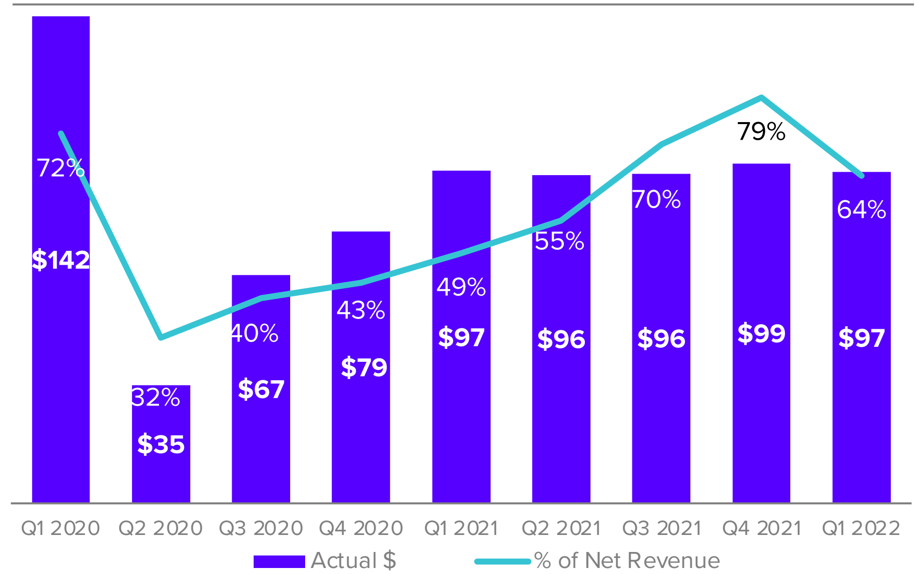
- We also held 130 pop-up events over the course of the quarter, for a total of 240 location sites at the end of the quarter.

- Current Partner Network global locations are now 673 active or pending training which represents a net increase of 16 locations from Q4 2021
  - Current Partner Network focus is through investments in driving productivity through GP submissions per practice before deepening investments in driving major increases in incremental practices

## Referrals as a % of Aligner Orders

| Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
|---|---|---|---|---|---|---|---|---|
| 20% | 21% | 23% | 22% | 21% | 21% | 20% | 20% | 20% |

## Marketing & selling expenses *($ in millions)*

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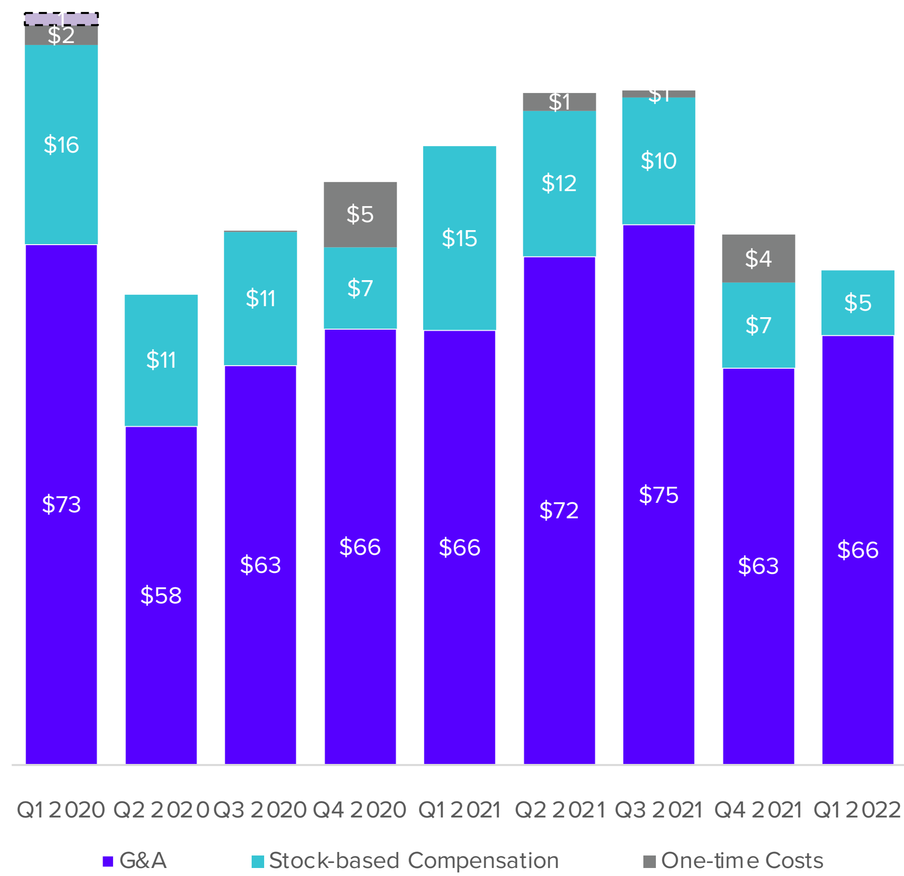
# General & Administrative.

- General and administrative were $71 million in Q1, compared to $74 million in Q4 2021
    - After adjusting for incentive compensation variance between quarters (Q4 2021 -$9mm reversal compared to $4M of expense in Q1 2022), the G&A expenses, excluding Stock Based Comp, improved by $10 million as a result of Cost Actions
- Cost actions taken in January will achieve full run rate savings in back half of 2022
- We plan to stay vigilant with cost control throughout 2022 and beyond, as we focus on continuing to leverage this line item.

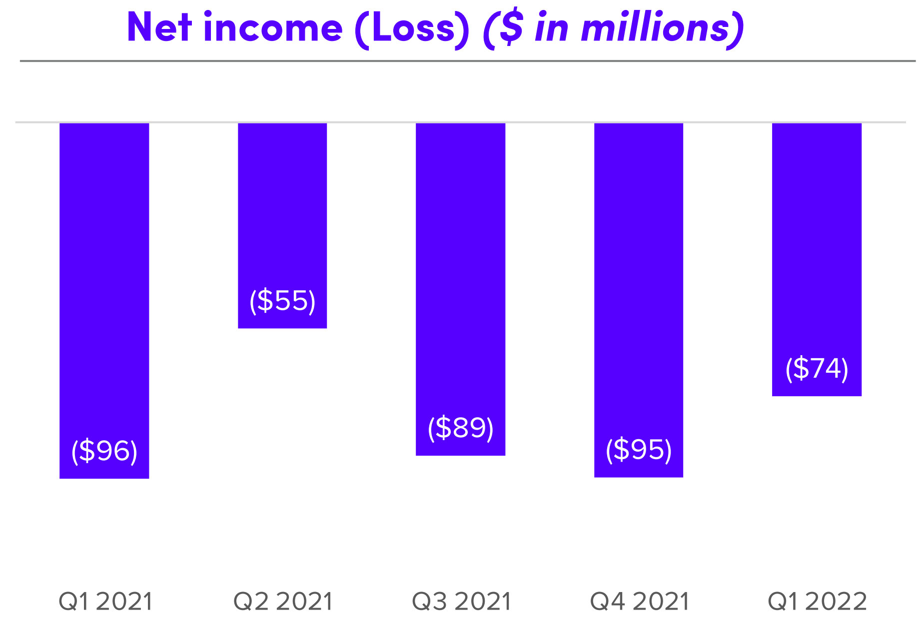
**G&A expenses(1)** ***($ in millions)***

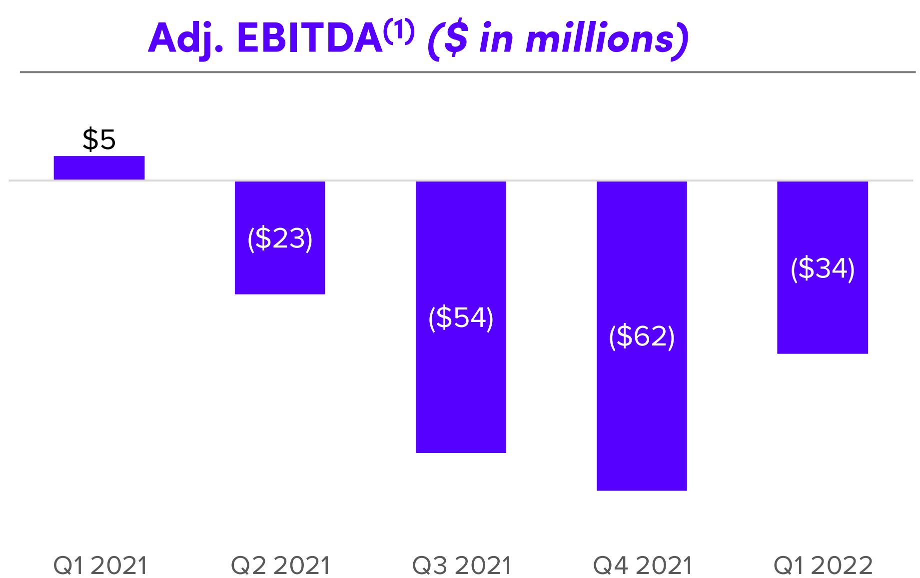



(1) Percentages represent G&A as a percent of revenue, excluding stock-based compensation and IPO and other one-time costs..

# Other expenses, Adj. EBITDA, and Net income.

- Interest Expense:
  - Totaled $1.6 million in Q1 2022, of which $1.1 million was deferred loan costs associated with the convert we issued last year, $500K was related to leases
- Other:
  - Other store closure and restructuring costs were ~$12.8 million primarily related to team member costs for severance or retention payments and international facility closure costs
- Q1 Adjusted EBITDA[1] was ($34.4) million for the quarter
  - US/Canada Adjusted EBITDA was ($23.0) million
  - Rest of World Adjusted EBITDA was ($11.4) million




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

# Balance sheet highlights.

- We ended Q1 with $144.7 million in cash and cash equivalents.
- Cash from operations for the first quarter was ($61.3) million which was impacted by cash outlays from our January restructuring of approximately $20mm due primarily to country exit costs and team member related costs such as severance and retention expenses.
- Cash spent on investing for the first quarter was ($15.1) million
- In Q1 2022, SmilePay financing, which drives our accounts receivable, as a percentage of total aligners purchased was 59.5%, which is about a 100 bps increase over Q4 2021.
- Overall, SmilePay delinquency rates continue to be inline with past performance

| *($ in millions)* | Q4 2021 | Q1 2022 |
|---|---|---|
| Cash | $224.9 | $144.7 |
| Debt | $740.1 | $739.6 |
| Accounts Receivable, Net | $243.8 | $240.5 |
| Cash Flow from Operations | ($43.5) | ($61.3) |
| Cash Flow from Investing | ($36.3) | ($15.1) |
| Free Cash Flow[1] | ($79.8) | ($76.4) |

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

# Summary of debt facility.

- SDC U.S. SmilePay SPV (“SPV”) is a wholly-owned special purpose subsidiary of the Company
- The Company entered into a Loan Agreement (the “Loan Agreement”) by and among SPV, as borrower, SmileDirectClub,LLC as the seller and servicer, the lenders from time to time party thereto, and HPS Investment Partners, LLC, as administrative agent and collateral agent
- Subject to certain exceptions, the Loan Agreement is secured by first-priority security interests in SPV’s assets, which consist of certain receivables, cash, intellectual property and related assets. SPV’s obligations under the Loan Agreement are guaranteed on a limited basis by SmileDirectClub, LLC and SDC Financial LLC (collectively, the “Guarantors”).
- This facility enables us to access additional liquidity on favorable terms by leveraging our receivables and providing us with greater flexibility to fuel ongoing operations and execute on growth initiatives.

| Secured Debt Facility | |
|---|---|
| Amount | $255 million |
| Security Interest | Certain Receivables, Cash & IP |
| Maturity | 42 months |
| Delayed Draw Availability | 18 months |
| Interest | L+700bps Cash & 375bps PIK |
| Undrawn Commitment Fee | 275bps |

# 2022 Guidance & Macro Customer Impacts.

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

***Reaffirms Guidance provided on February 28, 2022***

**>$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

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# 2022 Annual Guidance.

***Reaffirms Guidance provided on February 28, 2022***

**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**

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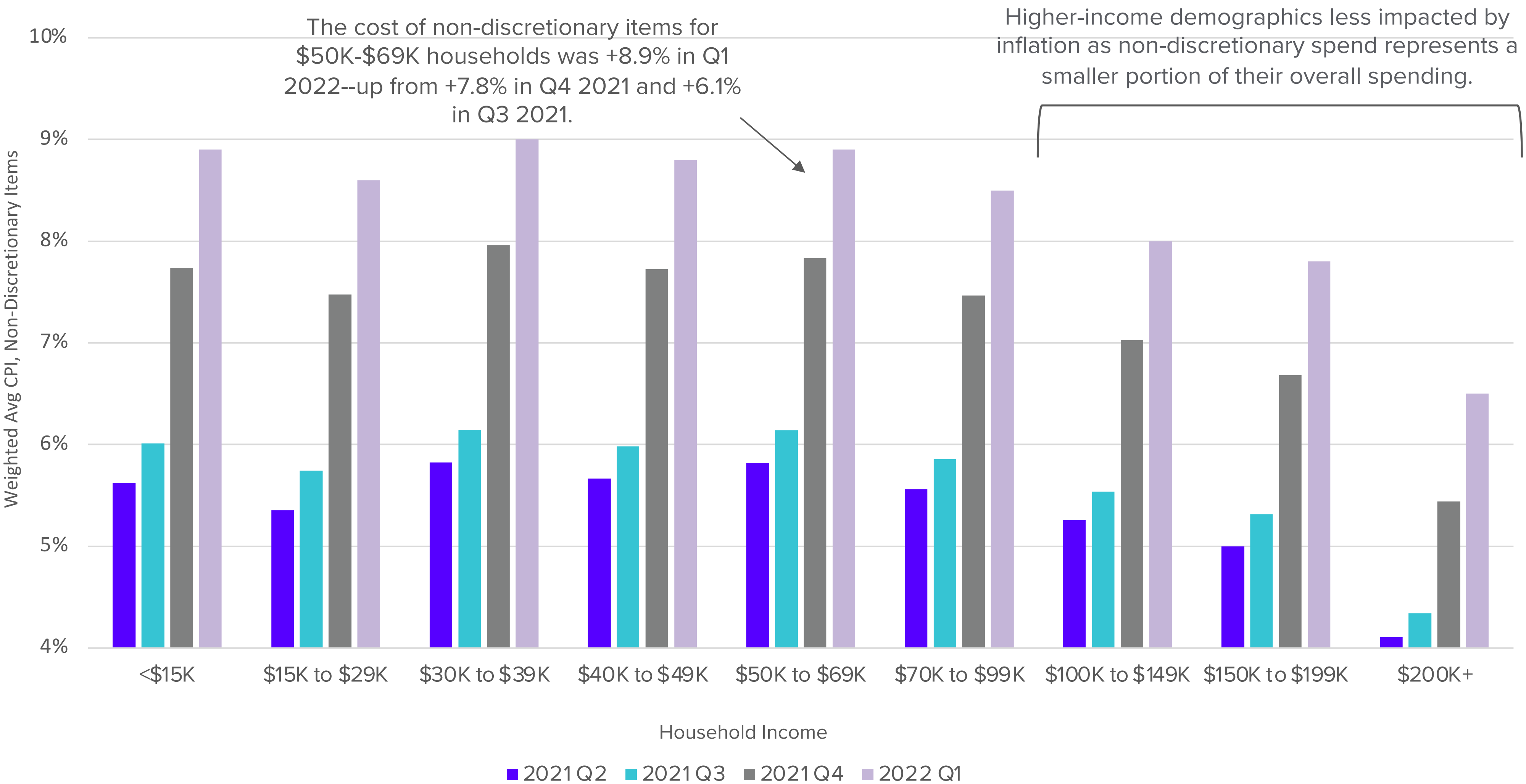
(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for definition of Adjusted EBITDA.

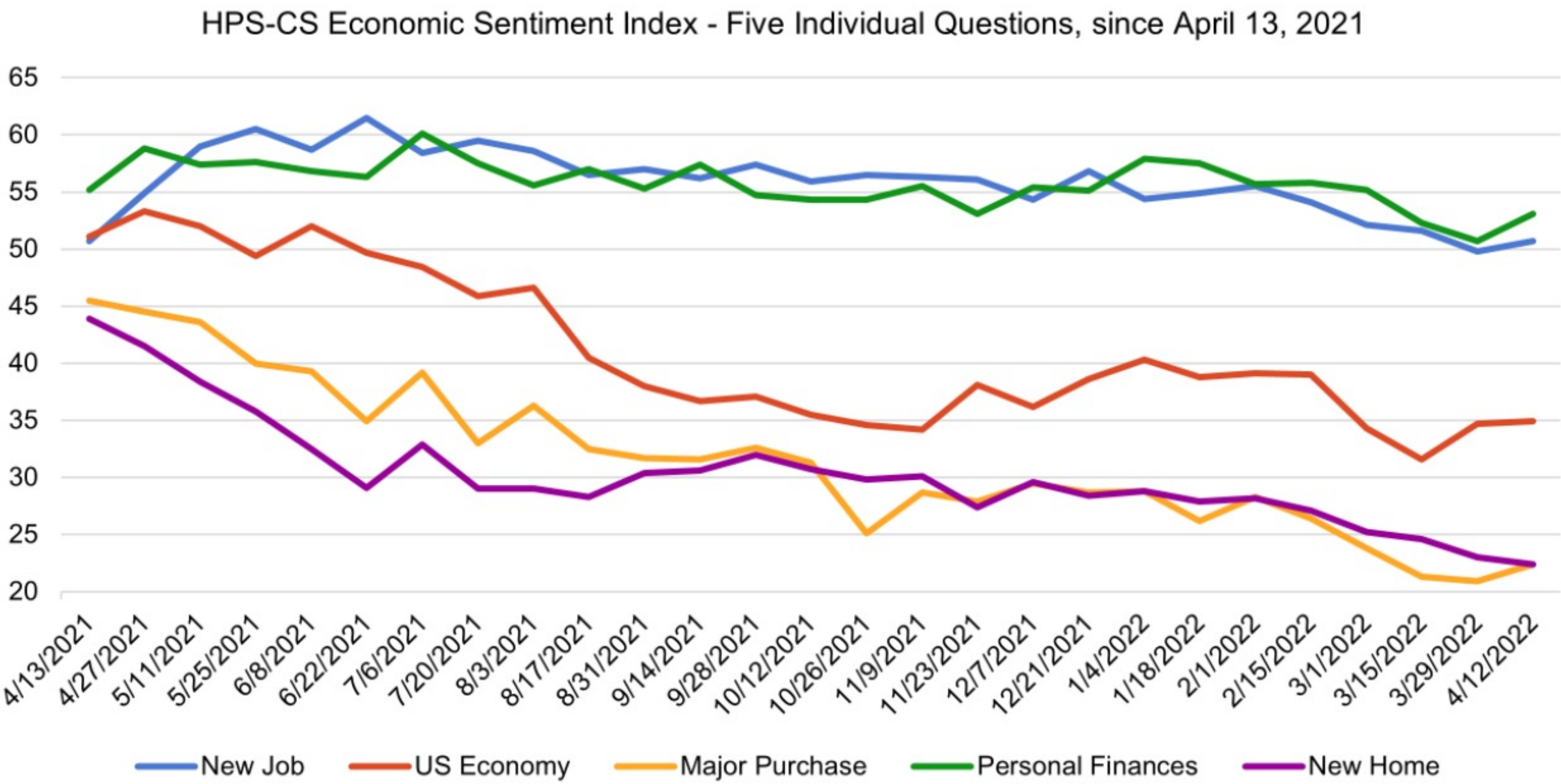
# Our customer is still experiencing outsized price increases of non-discretionary purchases.

## RESULTING IN LESS DISCRETIONARY CAPACITY FOR $50K-$69K




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

# Economic sentiment on major purchases remains down since April 2021.




Source: ESI: April 13, 2022 Publication Titled 'Economic Sentiment Recovers Slightly, Finally Breaking Its Free Fall' URL: https://hps-civicscience.com/economic-sentiment-recovers-slightly-finally-breaking-its-free-fall/

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# Long-term Outlook.

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

***Reaffirms Guidance provided on February 28, 2022***

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.

# 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<br>• Member books through SDC and goes to dental practice for appointment<br>• SDC Team provides initial assessment | • New potential dental patient<br>• Monthly rent paid by SDC<br>• No practice chair time |
| | Dental Office Patient | • Existing dental practice patient<br>• SDC SmileShop inside of dental practice<br>• Dental practice patient converts to purchase SDC aligners<br>• SDC Team provides initial assessment | • Incremental revenue to practice through fees for services paid by SDC<br>• Monthly rent paid by SDC<br>• No practice chair time |
| **Partner Network** | Dental Office Patient | • Existing dental practice patient<br>• Dental practice patient converts to purchase SDC aligners<br>• Dental practice does initial 3D scan, SDC doctor network takes over treatment from there<br>• Dental practice provides all initial assessment information | • Incremental revenue to practice through fees for services paid by SDC<br>• Higher conversion vs. traditional clear aligners<br>• Minimal chair time for practice |
| **Referral Network** | SDC Member | • Similar to Partner Network 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<br>• Incremental revenue to practice through revenue paid by patient<br>• Minimal chair time for practice |
| **Partner Pop-up** | SDC Member | • Use dental practice where SDC does not have a SmileShop on a temporary basis. Opportunity to do this monthly<br>• 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 673 global locations
  - A strong cadence of additions is expected throughout 2022
  - 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 revenue growth
  - Focused review process completed in Q1 to deactivate dormant partner practices
  - First full quarter with new partner sales and service team
    - Lead Generation (Inside Sales), Partner Acquisition (TSM), and Partner Account Management (CSM)
  - Investments to build out robust CSM team dedicated to engaging partners to streamline and accelerate onboarding and training for partner businesses
    - Partners can now be trained within 14 days of signing onto Partner Network and can begin submitting cases immediately after training
  - Optimizing onboarding and support model in Q1/Q2 before rapid expansion of both inside sales and outside sales teams for broader market penetration

# Partner network is important for accessing target customer

| | Current Customer | Target Customer |
|---|---|---|
| Target consumer. | Historically predominantly focused on serving the $70k income consumer without previous access to teeth straightening | Expanding customer base to higher income and teen segments with existing access to teeth straightening |
| Price leader. | Price leadership at a 60% lower cost[(1)] to traditional braces and Invisalign clear aligners – $2,050 or $89 per month | A higher end price point that is on par with traditional braces but still priced competitively |
| Product. | Refined production know-how and scale capabilities of core 22-hour aligner product | Constant improvements to 22-hour product and roll-out of new night time aligners with enhanced features (e.g. scalloped edges) |
| Service. | 24/7 global customer care team with app enabled support | High touch, white-glove experience with embedded clinician visits, US-based success and care team model and tech-enabled enhancements (e.g. smile monitoring) |
| Journey starts. | Journey entry points primarily via kits and SmileShop scans and secondarily via the Partner Network | Clinician-led model with visit occurring via Partner Network or SmileShop located in dental office |

[(1)] 60% less than braces" claim based on Single Pay vs. average fees (including diagnostics and in-person exams) for treatment of mild-to-moderate malocclusion with braces as reported in a survey of orthodontists. Price comparison does not include additional costs, such as retainers. As treatment is highly individualized, results may not be the same.

# Other SEC Related Disclosures.

# US/Canada vs. ROW.

| | US & Canada | | | ROW | | |
|---|---|---|---|---|---|---|
| **Q1 2022 Comparison** | **Q1 2022** | **% of Total** | **QoQ** | **Q1 2022** | **% of Total** | **QoQ** |
| Total Unique Aligner Orders Shipped | 63,805 | *83.7%* | *22.0%* | 12,449 | *16.3%* | *(10.1%)* |
| Average Aligner Gross Sales Price | $1,903 | *N/A* | *0.2%* | $1,827 | *N/A* | *(3.8%)* |
| Total Revenue | $129.0mm | *85.1%* | *25.7%* | $22.6mm | *14.9%* | *(4.5%)* |
| Gross Profit | $93.8mm | *86.3%* | | $14.8mm | *13.7%* | |
| *Gross Margin %* | *72.7%* | | | *65.6%* | | |
| S&M | $79.1mm | *81.8%* | | $17.6mm | *18.2%* | |
| *As % of Total Revenue* | *61.3%* | | | *78.0%* | | |
| G&A | $58.0mm | *81.7%* | | $13.0mm | *18.3%* | |
| *As % of Total Revenue* | *45.0%* | | | *57.4%* | | |
| Adj EBITDA[1] | $(23.0mm) | | | $(11.4mm) | | |

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(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 March 31, | |
|---|---|---|
| (In thousands) | 2022 | 2021 |
| Net loss | $(73,204) | $(95,645) |
| Depreciation and amortization | 18,916 | 16,460 |
| Total interest expense | 1,556 | 17,566 |
| Income tax (benefit) expense | (1,463) | 1,707 |
| Lease abandonment and impairment of long-lived assets | 1,232 | -- |
| Restructuring and other related costs | 11,532 | 1,128 |
| Loss on extinguishment of debt | -- | 47,631 |
| Equity-based compensation | 5,306 | 15,159 |
| Other non-operating general and administrative costs | 1,684 | 912 |
| **Adjusted EBITDA** | **$(34,441)** | **$4,918** |

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

# SmileShop Bridge.

| Market | Dec 31, 2021 | New Shops | Closed Shops | Mar 31, 2022 |
|---|---|---|---|---|
| United States | 78 | 8 | (1) | 85 |
| Canada | 8 | | | 8 |
| United Kingdom | 7 | 2 | (2) | 7 |
| Australia | 6 | 1 | | 7 |
| France | 2 | | | 2 |
| Ireland | 1 | | | 1 |
| Spain | 13 | | (13) | 0 |
| Germany | 6 | | (6) | 0 |
| Hong Kong | 5 | | (5) | 0 |
| Mexico | 5 | | (5) | 0 |
| New Zealand | 3 | | (3) | 0 |
| Singapore | 3 | | (3) | 0 |
| Netherlands | 3 | | (3) | 0 |
| **Total** | **140** | **11** | **(41)** | **110** |

# Cash Flow from Operations to Free Cash Flow.

| | Three Months Ended March 31, | |
|---|---|---|
| (In thousands) | 2022 | 2021 |
| Cash Flow From Operations | $(61,264) | $(28,338) |
| Cash Flow From Investing | (15,118) | (22,981) |
| **Free Cash Flow** | **$(76,382)** | **$(51,319)** |

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

# Gross to Net Revenue Bridge.

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

| | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
|---|---|---|---|---|---|
| **Total Unique Aligner Orders Shipped[1]** | **106,345** | **90,006** | **69,906** | **66,133** | **76,254** |
| Average Aligner Gross Sales Price ("ASP") | $1,860 | $1,885 | $1,900 | $1,899 | $1,890 |
| **Aligner Gross Revenue** | **$ 197.8** | **$ 169.7** | **$ 132.8** | **$ 125.6** | **$ 144.2** |
| Implicit Price Concession[2] | (12.8) | (10.2) | (10.7) | (13.6) | (13.9) |
| Reserves and other adjustments[3] | (17.5) | (16.7) | (13.9) | (13.0) | (11.3) |
| **Aligner Revenue[4]** | **$ 167.5** | **$ 142.8** | **$ 108.3** | **$ 99.0** | **$ 118.9** |
| Financing Revenue[5] | 10.7 | 11.6 | 10.9 | 9.8 | 9.1 |
| Other Revenue and adjustments[6] | 21.3 | 19.8 | 18.5 | 17.5 | 23.5 |
| **Total Net Revenue** | **$ 199.5** | **$ 174.2** | **$ 137.7** | **$ 126.3** | **$ 151.6** |

**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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