

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Fiscal 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Fiscal 2019	Q1 2020
Net Revenues:											
<i>Clear Aligner Net Revenues*:</i>											
Americas	\$ 209,576	\$ 234,028	\$ 228,638	\$ 231,048	\$ 903,290	\$ 245,343	\$ 248,524	\$ 259,751	\$ 268,486	\$ 1,022,104	\$ 255,607
International	151,713	172,984	172,187	187,284	684,168	194,879	216,455	226,049	243,981	881,364	195,824
Non-case ⁽¹⁾	24,216	26,229	26,262	27,302	104,009	28,983	31,723	30,465	31,111	122,282	30,180
Total Clear Aligner Net Revenues	385,505	433,241	427,087	445,634	1,691,467	469,205	496,702	516,265	543,578	2,025,750	481,611
<i>Scanner and Services Net Revenues</i>	51,419	57,018	78,202	88,386	275,025	79,766	103,995	91,076	106,209	381,046	69,352
Total Worldwide Net Revenues	436,924	490,259	505,289	534,020	1,966,492	548,971	600,697	607,341	649,787	2,406,796	550,963
Cost of Net Revenues:											
Cost of net revenues Clear Aligner	88,529	101,629	105,315	115,499	410,972	117,847	130,560	137,063	140,566	526,036	130,119
Cost of net revenues Scanner and Services	20,987	23,048	28,193	35,425	107,653	29,028	37,848	32,724	37,263	136,863	26,488
Total cost of net revenues	109,516	124,677	133,508	150,924	518,625	146,875	168,408	169,787	177,829	662,899	156,607
Gross profit	327,408	365,582	371,781	383,096	1,447,867	402,096	432,289	437,554	471,958	1,743,897	394,356
Operating Expenses:											
Selling, general and administrative	199,625	212,087	213,873	226,819	852,404	247,110	267,948	277,514	279,481	1,072,053	282,906
Research and development	29,591	30,804	32,700	35,804	128,899	37,503	38,851	39,680	41,327	157,361	41,532
Impairments and other charges (gains)	-	-	-	-	-	29,782	-	(6,792)	-	22,990	-
Litigation settlement gain	-	-	-	-	-	-	(51,000)	-	-	(51,000)	-
Total operating expenses	229,216	242,891	246,573	262,623	981,303	314,395	255,799	310,402	320,808	1,201,404	324,438
Operating Income	98,192	122,691	125,208	120,473	466,564	87,701	176,490	127,152	151,150	542,493	69,918
Interest income and other income (expense), net:											
Interest income	2,176	1,917	2,234	2,249	8,576	2,633	3,465	3,478	2,906	12,482	1,986
Other income (expense), net	177	(7,099)	(837)	(730)	(8,489)	(5,746)	13,892	(2,211)	1,741	7,676	(18,549)
Total interest income and other income (expense), net	2,353	(5,182)	1,397	1,519	87	(3,113)	17,357	1,267	4,647	20,158	(16,563)
Net income before provision for (benefit from) income taxes and equity in losses of investee	100,545	117,509	126,605	121,992	466,651	84,588	193,847	128,419	155,797	562,651	53,355
Provision for (benefit from) income taxes	2,902	7,703	24,601	22,517	57,723	8,796	43,121	25,895	34,535	112,347	(1,464,776)
Equity in losses of investee, net of tax	1,777	3,701	1,132	2,083	8,693	3,944	3,584	-	-	7,528	-
Net Income	\$ 95,866	\$ 106,105	\$ 100,872	\$ 97,932	\$ 400,235	\$ 71,848	\$ 147,142	\$ 102,524	\$ 121,262	\$ 442,776	\$ 1,518,131
Net income per share											
- basic	\$ 1.20	\$ 1.32	\$ 1.26	\$ 1.22	\$ 5.00	\$ 0.90	\$ 1.84	\$ 1.29	\$ 1.54	\$ 5.57	\$ 19.32
- diluted	\$ 1.17	\$ 1.30	\$ 1.24	\$ 1.20	\$ 4.92	\$ 0.89	\$ 1.83	\$ 1.28	\$ 1.53	\$ 5.53	\$ 19.21
Shares used in computing net income per share											
- basic	80,036	80,216	80,111	79,891	80,064	79,860	79,943	79,332	78,578	79,424	78,592
- diluted	81,628	81,471	81,359	80,943	81,357	80,687	80,590	79,825	79,137	80,100	79,028
Margin Analysis:											
Gross margin	74.9%	74.6%	73.6%	71.7%	73.6%	73.2%	72.0%	72.0%	72.6%	72.5%	71.6%
-Clear Aligner	77.0%	76.5%	75.3%	74.1%	75.7%	74.9%	73.7%	73.5%	74.1%	74.0%	73.0%
-Scanner and Services	59.2%	59.6%	63.9%	59.9%	60.9%	63.6%	63.6%	64.1%	64.9%	64.1%	61.8%
Selling, general and administrative	45.7%	43.3%	42.3%	42.5%	43.3%	45.0%	44.6%	45.7%	43.0%	44.5%	51.3%
Research and development	6.8%	6.3%	6.5%	6.7%	6.6%	6.8%	6.5%	6.5%	6.4%	6.5%	7.5%
Operating margin	22.5%	25.0%	24.8%	22.6%	23.7%	16.0%	29.4%	20.9%	23.3%	22.5%	12.7%
Net margin	21.9%	21.6%	20.0%	18.2%	20.4%	13.1%	24.5%	16.9%	18.7%	18.4%	27.5%
Year Over Year Analysis:											
Net Revenues	40.8%	37.5%	31.2%	26.7%	33.5%	25.6%	22.5%	20.2%	21.7%	22.4%	0.4%
-Clear Aligner	36.5%	35.0%	25.0%	22.4%	29.2%	21.7%	14.6%	20.9%	22.0%	19.8%	2.6%
-Scanner and Services	84.0%	60.9%	79.1%	54.8%	67.5%	55.1%	82.4%	16.5%	20.2%	38.5%	-13.1%
Gross profit	39.0%	34.9%	27.1%	20.5%	29.6%	22.8%	18.2%	17.7%	23.2%	20.4%	-1.9%
Operating expense	31.8%	29.6%	27.3%	26.1%	28.6%	37.2%	5.3%	25.9%	22.2%	22.4%	3.2%
Operating income	59.2%	46.8%	26.8%	9.9%	31.9%	-10.7%	43.8%	1.6%	25.5%	16.3%	-20.3%
Net income	38.1%	53.4%	22.2%	848.9%	72.9%	-25.1%	38.7%	1.6%	24.5%	10.6%	2013.0%
Quarter Over Quarter Analysis (Sequential):											
Net Revenues	3.7%	12.2%	3.1%	5.7%		2.8%	9.4%	1.1%	7.0%		-15.2%
-Clear Aligner	5.8%	12.4%	-1.4%	4.3%		5.3%	5.9%	3.9%	5.3%		-11.4%
-Scanner and Services	-10.0%	10.9%	37.2%	13.0%		-9.8%	30.4%	-12.4%	16.6%		-34.7%
Gross profit	3.0%	11.7%	1.7%	3.0%		5.0%	7.5%	1.2%	7.9%		-16.4%
Operating expense	10.0%	6.0%	1.5%	6.5%		19.7%	-18.6%	21.3%	3.4%		1.1%
Operating income	-10.4%	25.0%	2.1%	-3.8%		-27.2%	101.2%	-28.0%	18.9%		-53.7%
Net income	834.0%	10.7%	-4.9%	-3.4%		-26.2%	104.8%	-30.3%	18.3%		1151.9%

* Includes Invisalign and SmileDirectClub, LLC ("SDC"). Americas region includes North America and LATAM. International region includes EMEA and APAC.
(1) Non-case net revenues include the retainer business, training revenues, and ancillary offerings under our Clear Aligner product lines