

**ALIGN TECHNOLOGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands except per share data)

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Fiscal 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Fiscal 2017	Q1 2018
<b>Net Revenues:</b>											
<i>Clear Aligner Net Revenues**:</i>											
Americas	\$ 136,308	\$ 144,661	\$ 144,598	\$ 146,024	\$ 571,591	\$ 165,628	\$ 188,611	\$ 196,936	\$ 202,873	\$ 754,048	\$ 209,576
International	69,241	82,951	83,506	88,033	323,731	98,851	111,837	123,465	139,375	473,528	151,713
Non-case <sup>(1)</sup>	14,149	15,824	15,564	17,468	63,005	17,920	20,588	21,210	21,968	81,686	24,216
Total Clear Aligner Net Revenues	219,698	243,436	243,668	251,525	958,327	282,399	321,036	341,611	364,216	1,309,262	385,505
<i>Scanner and Services Net Revenues</i>	19,022	25,926	34,921	41,678	121,547	27,942	35,446	43,656	57,107	164,151	51,419
<b>Total Worldwide Net Revenues</b>	<b>238,720</b>	<b>269,362</b>	<b>278,589</b>	<b>293,203</b>	<b>1,079,874</b>	<b>310,341</b>	<b>356,482</b>	<b>385,267</b>	<b>421,323</b>	<b>1,473,413</b>	<b>436,924</b>
<b>Cost of Net Revenues:</b>											
Cost of net revenues Clear Aligner	47,631	52,110	54,398	56,694	210,833	62,452	70,222	75,326	81,699	289,699	88,529
Cost of net revenues Scanner and Services	10,462	12,036	14,989	16,260	53,747	12,264	15,343	17,453	21,707	66,767	20,987
Total cost of net revenues	58,093	64,146	69,387	72,954	264,580	74,716	85,565	92,779	103,406	356,466	109,516
Gross profit	180,627	205,216	209,202	220,249	815,294	235,625	270,917	292,488	317,917	1,116,947	327,408
<b>Operating Expenses:</b>											
Selling, general and administrative	112,210	121,467	126,708	130,268	490,653	151,148	162,964	169,524	182,141	665,777	199,625
Research and development	15,083	18,613	20,415	21,609	75,720	22,804	24,384	24,201	26,170	97,559	29,591
Total operating expenses	127,293	140,080	147,123	151,877	566,373	173,952	187,348	193,725	208,311	763,336	229,216
<b>Operating Income:</b>	53,334	65,136	62,079	68,372	248,921	61,673	83,569	98,763	109,606	353,611	98,192
Interest income	1,044	1,236	1,146	787	4,213	1,195	1,441	1,826	2,486	6,948	2,176
Other income (expense), net	(1,471)	(1,111)	317	(8,303)	(10,568)	450	1,771	1,924	95	4,240	177
Net income before provision for (benefit from) income taxes and equity in losses (gains) of investee	52,907	65,261	63,542	60,856	242,566	63,318	86,781	102,513	112,187	364,799	100,545
Provision for (benefit from) income taxes	12,361	15,113	11,698	12,028	51,200	(7,223)	15,387	18,344	103,654	130,162	2,902
Equity in losses (gains) of investee, net of tax	-	-	477	1,207	1,684	1,121	2,215	1,614	(1,731)	3,219	1,777
<b>Net Income</b>	<b>\$ 40,546</b>	<b>\$ 50,148</b>	<b>\$ 51,367</b>	<b>\$ 47,621</b>	<b>\$ 189,682</b>	<b>\$ 69,420</b>	<b>\$ 69,179</b>	<b>\$ 82,555</b>	<b>\$ 10,264</b>	<b>\$ 231,418</b>	<b>\$ 95,866</b>
Net Income per share											
- basic	\$ 0.51	\$ 0.63	\$ 0.64	\$ 0.60	\$ 2.38	\$ 0.87	\$ 0.86	\$ 1.03	\$ 0.13	\$ 2.89	\$ 1.20
- diluted	\$ 0.50	\$ 0.62	\$ 0.63	\$ 0.59	\$ 2.33	\$ 0.85	\$ 0.85	\$ 1.01	\$ 0.13	\$ 2.83	\$ 1.17
Shares used in computing net income per share											
- basic	79,831	79,951	79,977	79,667	79,856	79,904	80,188	80,163	80,080	80,085	80,036
- diluted	81,320	81,281	81,466	81,248	81,484	81,534	81,631	81,789	81,863	81,832	81,628
<b>Margin Analysis:</b>											
Gross margin	75.7%	76.2%	75.1%	75.1%	75.5%	75.9%	76.0%	75.9%	75.5%	75.8%	74.9%
-Clear Aligner	78.3%	78.6%	77.7%	77.7%	78.0%	77.9%	78.1%	77.9%	77.6%	77.9%	77.0%
-Scanner and Services	45.0%	53.6%	57.1%	61.0%	55.8%	56.1%	56.7%	60.0%	62.0%	59.3%	59.2%
Selling, general and administrative	47.0%	45.1%	45.5%	44.4%	45.4%	48.7%	45.7%	44.0%	43.2%	45.2%	45.7%
Research and development	6.3%	6.9%	7.3%	7.4%	7.0%	7.3%	6.8%	6.3%	6.2%	6.6%	6.8%
Operating margin	22.3%	24.2%	22.3%	23.3%	23.1%	19.9%	23.4%	25.6%	26.0%	24.0%	22.5%
Net margin	17.0%	18.6%	18.4%	16.2%	17.6%	22.4%	19.4%	21.4%	2.4%	15.7%	21.9%
<b>Year Over Year Analysis:</b>											
Net Revenues	20.5%	28.6%	34.2%	27.3%	27.7%	30.0%	32.3%	38.3%	43.7%	36.4%	40.8%
-Clear Aligner	17.5%	21.2%	22.9%	17.5%	19.8%	28.5%	31.9%	40.2%	44.8%	36.6%	36.5%
-Scanner and Services	72.0%	199.0%	273.7%	156.8%	168.3%	46.9%	36.7%	25.0%	37.0%	35.1%	84.0%
Gross profit	19.5%	29.4%	32.8%	27.5%	27.4%	30.4%	32.0%	39.8%	44.3%	37.0%	39.0%
Operating expense	24.6%	20.4%	23.1%	33.8%	25.4%	36.7%	33.7%	31.7%	37.2%	34.8%	31.8%
Operating income	9.0%	53.9%	63.2%	15.2%	32.0%	15.6%	28.3%	59.1%	60.3%	42.1%	59.2%
Net income	12.1%	60.0%	86.0%	-2.6%	31.7%	71.2%	37.9%	60.7%	-78.4%	22.0%	38.1%
<b>Quarter Over Quarter Analysis (Sequential):</b>											
Net Revenues	3.7%	12.8%	3.4%	5.2%		5.8%	14.9%	8.1%	9.4%		3.7%
-Clear Aligner	2.6%	10.8%	0.1%	3.2%		12.3%	13.7%	6.4%	6.6%		5.8%
-Scanner and Services	17.2%	36.3%	34.7%	19.3%		-33.0%	26.9%	23.2%	30.8%		-10.0%
Gross profit	4.5%	13.6%	1.9%	5.3%		7.0%	15.0%	8.0%	8.7%		3.0%
Operating expense	12.2%	10.0%	5.0%	3.2%		14.5%	7.7%	3.4%	7.5%		10.0%
Operating income	-10.1%	22.1%	-4.7%	10.1%		-9.8%	35.5%	18.2%	11.0%		-10.4%
Net income	-17.0%	23.7%	2.4%	-7.3%		45.8%	-0.3%	19.3%	-87.6%		834.0%

(1) Non-case net revenues include the retainer business, training revenues, and ancillary offerings under our Clear Aligner product lines

\*\* Includes Invisalign and SmileDirectClub, LLC ("SDC"). Effective Q1'18, Americas region includes North America and LATAM. International region includes EMEA and APAC. We have recasted historical data to reflect the change.