



## **Align Technology Announces 2002 Second Quarter Results**

### **Invisalign Product Revenue Increases 10% Over First Quarter**

Santa Clara, Calif. – July 24, 2002 Align Technology, Inc. (Nasdaq: ALGN), the inventor of Invisalign<sup>®</sup>, a proprietary method of straightening teeth without wires and brackets, today announced revenues for the second quarter ended June 30, 2002 increased 28 percent to \$17.3 million over the \$13.5 million for the second quarter of 2001. Revenues for the first six months of 2002 increased more than 62 percent to \$34.4 million compared to the \$21.2 million in the first six months of 2001.

Align President and Chief Executive Officer Tom Prescott said that growth in case submissions fueled revenue increases during the quarter and that operational changes implemented subsequent to the close of the quarter position the Company to achieve strong revenue growth and a more solid financial foundation.

“We continue to see increased demand for our products by both orthodontists and dentists,” said Prescott. “During the quarter we received the submission of our fifty thousandth case and we manufactured our two millionth aligner, marking important marketing and manufacturing milestones. Our gross margins have also continued to improve as we have implemented manufacturing upgrades and efficiencies ahead of schedule.

“The structural changes we announced subsequent to the end of the quarter, including reductions in staff, centralizing certain manufacturing operations in Costa Rica and restructuring our European and Latin American sales and marketing efforts are either complete or well under way,” continued Prescott. “We expect to have virtually all of the changes in place by year end.”

The net loss for the second quarter of 2002, determined under generally accepted accounting principles (“GAAP”) was \$18.8 million, or a net loss per share of \$0.40. This compares to a net loss for the second quarter of 2001 of \$22.3 million, or \$0.50 per share, and a net loss for the first quarter of 2002 of \$18.5 million, or \$0.40 per share. The net loss for the first six months of 2002, determined under GAAP were \$37.3 million, or a net loss per share of \$0.81. This compares to a net loss for the first half of 2001 of \$65.4 million, or \$1.67 per share. This GAAP net loss includes the effects of stock based compensation expense for all periods. In addition, the net loss for the first six months of 2001 includes the dividend related to the beneficial conversion feature of preferred stock and related interest charges from the subordinated notes on the preferred stock and the second quarter of 2001 also includes a charge for litigation settlement. Together these non-cash charges are called “special items.”

The pro forma net loss for the second quarter of 2002, which excludes the above special items, was \$13.0 million or \$0.28 per share, compared to a pro forma net loss of \$15.8 million or \$0.35 per share for the second quarter of 2001, and a pro forma net loss of \$12.9 million, or \$0.28 per share for the first quarter of 2002.

One-time charges associated with the structural changes instituted subsequent to the close of the second quarter will be taken in the third and fourth quarters of this year.

Align Technology will host a webcast and conference call today, July 24, 2002 at 10:00 a.m. EDT, 7:00 a.m. PDT to review second quarter 2002 results, as well as discuss future operating trends and guidance on the outlook for the future. To access the webcast, go to the investor relations section of Align Technology’s website at [www.invisalign.com](http://www.invisalign.com). An archived webcast replay of the call will also be available at that website. To access the conference call please dial (415) 247-8527 approximately ten minutes prior to the start of the call and enter reservation number 20746010. If you are unable to listen to the call, a taped replay will also be available beginning approximately one hour after the call’s conclusion and will remain available through 5:30 p.m. EDT on July 26, 2002 and can be accessed by dialing (800) 633-8284 with reservation number 20746010. The replay may be accessed from international locations by dialing (858) 812-6440 using the same reservation number.

### **About Align Technology, Inc.**

Align Technology designs, manufactures and markets Invisalign, a proprietary new method for treating malocclusion, or the misalignment of teeth. Invisalign corrects malocclusion using a series of clear, nearly invisible, removable appliances that gently move teeth to a desired final position. Because it does not rely on the use of metal or ceramic brackets and wires, Invisalign significantly reduces the aesthetic and other limitations associated with braces. Invisalign is appropriate for treating adults and older teens. Align Technology was founded in March 1997 and received FDA clearance to market Invisalign in 1998.

To learn more about Invisalign or to find a certified Invisalign doctor, please visit [www.invisalign.com](http://www.invisalign.com) or call 1-800-INVISIBLE.

This news release may contain forward-looking statements based on Align Technology’s current expectations. These forward-

looking statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include Align Technology's ability to achieve profitability, the ability to control costs and continue to achieve efficiencies, the adoption by orthodontists, dentists, and consumers of Invisalign, Align Technology's successful enforcement of its intellectual property and avoidance of infringement on third party patents, Align Technology's ability to establish and maintain reliable, high-volume manufacturing capacity in the U.S. and internationally and Align Technology's ability to manage its significant growth and retain its key personnel. These factors, as well as other factors that could cause actual results to differ materially, are discussed in more detail in Align Technology's Annual Report on Form 10-K, Quarterly Report on Form 10-Q, as well as in other reports and documents filed from time to time with the Securities and Exchange Commission.

