

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

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Fiscal 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Fiscal 2016	Q1 2017	Q2 2017	Q3 2017
<b>Net Revenues:</b>													
<i>Clear Aligner Net Revenues**:</i>													
North America	\$ 118,844	\$ 126,137	\$ 124,085	\$ 129,663	\$ 498,729	\$ 135,699	\$ 143,909	\$ 143,800	\$ 145,281	\$ 568,689	\$ 164,884	\$ 186,474	\$ 193,791
International	55,920	61,896	61,265	70,980	250,061	69,850	83,703	84,304	88,776	326,633	99,595	113,974	126,610
Non-case <sup>(1)</sup>	12,265	12,784	12,942	13,405	51,396	14,149	15,824	15,564	17,468	63,005	17,920	20,588	21,210
Total Clear Aligner Net Revenues	187,029	200,817	198,292	214,048	800,186	219,698	243,436	243,668	251,525	958,327	282,399	321,036	341,611
<i>Scanner and Services Net Revenues</i>	11,057	8,671	9,344	16,228	45,300	19,022	25,926	34,921	41,678	121,547	27,942	35,446	43,656
<b>Total Worldwide Net Revenues</b>	<b>198,086</b>	<b>209,488</b>	<b>207,636</b>	<b>230,276</b>	<b>845,486</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>Cost of Net Revenues:</b>													
Cost of net revenues Clear Aligner	39,069	43,480	42,087	47,363	171,999	47,631	52,110	54,398	56,694	210,833	62,452	70,222	75,326
Cost of net revenues Scanner and Services	7,927	7,374	7,973	10,103	33,377	10,462	12,036	14,989	16,260	53,747	12,264	15,343	17,453
Total cost of net revenues	46,996	50,854	50,060	57,466	205,376	58,093	64,146	69,387	72,954	264,580	74,716	85,565	92,779
Gross profit	151,090	158,634	157,576	172,810	640,110	180,627	205,216	209,202	220,249	815,294	235,625	270,917	292,488
<b>Operating Expenses:</b>													
Selling, general and administrative	88,281	100,625	101,751	99,582	390,239	112,210	121,467	126,708	130,268	490,653	151,148	162,964	169,524
Research and development	13,885	15,684	17,779	13,889	61,237	15,083	18,613	20,415	21,609	75,720	22,804	24,384	24,201
Total operating expenses	102,166	116,309	119,530	113,471	451,476	127,293	140,080	147,123	151,877	566,373	173,952	187,348	193,725
<b>Operating Income:</b>													
Interest and other income (expense), net	48,924	42,325	38,046	59,339	188,634	53,334	65,136	62,079	68,372	248,921	61,673	83,569	98,763
Net income before provision for income taxes and equity in losses of investee	(1,452)	174	(1,568)	313	(2,533)	(427)	125	1,463	(7,516)	(6,355)	1,645	3,212	3,750
Provision for income taxes	47,472	42,499	36,478	59,652	186,101	52,907	65,261	63,542	60,856	242,566	63,318	86,781	102,513
Equity in losses of investee, net of tax	11,295	11,149	8,862	10,775	42,081	12,361	15,113	11,698	12,028	51,200	(7,223)	15,387	18,344
<b>Net Income</b>	<b>\$ 36,177</b>	<b>\$ 31,350</b>	<b>\$ 27,616</b>	<b>\$ 48,877</b>	<b>\$ 144,020</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>
Net Income per share													
- basic	\$ 0.45	\$ 0.39	\$ 0.35	\$ 0.61	\$ 1.80	\$ 0.51	\$ 0.63	\$ 0.64	\$ 0.60	\$ 2.38	\$ 0.87	\$ 0.86	\$ 1.03
- diluted	\$ 0.44	\$ 0.39	\$ 0.34	\$ 0.60	\$ 1.77	\$ 0.50	\$ 0.62	\$ 0.63	\$ 0.59	\$ 2.33	\$ 0.85	\$ 0.85	\$ 1.01
Shares used in computing net income per share													
- basic	80,459	80,257	79,808	79,481	79,998	79,831	79,951	79,977	79,667	79,856	79,904	80,188	80,163
- diluted	81,824	81,394	81,092	81,051	81,521	81,320	81,281	81,466	81,248	81,484	81,534	81,631	81,789
<b>Margin Analysis:</b>													
Gross margin	76.3%	75.7%	75.9%	75.0%	75.7%	75.7%	76.2%	75.1%	75.1%	75.5%	75.9%	76.0%	75.9%
-Clear Aligner	79.1%	78.3%	78.8%	77.9%	78.5%	78.3%	78.6%	77.7%	77.5%	78.0%	77.9%	78.1%	77.9%
-Scanner and Services	28.3%	15.0%	14.7%	37.7%	26.3%	45.0%	53.6%	57.1%	61.0%	55.8%	56.1%	56.7%	60.0%
Selling, general and administrative	44.6%	48.0%	49.0%	43.2%	46.2%	47.0%	45.1%	45.5%	44.4%	45.4%	48.7%	45.7%	44.0%
Research and development	7.0%	7.5%	8.6%	6.0%	7.2%	6.3%	6.9%	7.3%	7.4%	7.0%	7.3%	6.8%	6.3%
Operating margin	24.7%	20.2%	18.3%	25.8%	22.3%	22.3%	24.2%	22.3%	23.3%	23.1%	19.9%	23.4%	25.6%
Net margin	18.3%	15.0%	13.3%	21.2%	17.0%	17.0%	18.6%	18.4%	16.2%	17.6%	22.4%	19.4%	21.4%
<b>Year Over Year Analysis:</b>													
Net Revenues	9.7%	8.8%	9.4%	15.9%	11.0%	20.5%	28.6%	34.2%	27.3%	27.7%	30.0%	32.3%	38.3%
-Clear Aligner	11.2%	11.7%	11.3%	14.8%	12.3%	17.5%	21.2%	22.9%	17.5%	19.8%	28.5%	31.9%	40.2%
-Scanner and Services	-10.9%	-32.2%	-20.4%	33.4%	-7.7%	72.0%	199.0%	273.7%	156.8%	168.3%	46.9%	36.7%	25.0%
Gross profit	10.1%	9.0%	8.6%	14.7%	10.7%	19.5%	29.4%	32.8%	27.5%	27.4%	30.4%	32.0%	39.8%
Operating expense	7.0%	20.2%	27.8%	14.4%	17.3%	24.6%	20.4%	23.1%	33.8%	25.4%	36.7%	33.7%	31.7%
Operating income	17.0%	-13.1%	-26.2%	15.2%	-2.6%	9.0%	53.9%	63.2%	15.2%	32.0%	15.6%	28.3%	59.1%
Net income	11.5%	-11.9%	-27.8%	23.6%	-1.2%	12.1%	60.0%	86.0%	-2.6%	31.7%	71.2%	37.9%	60.7%
<b>Quarter Over Quarter Analysis (Sequential):</b>													
Net Revenues	-0.3%	5.8%	-0.9%	10.9%		3.7%	12.8%	3.4%	5.2%		5.8%	14.9%	8.1%
-Clear Aligner	0.3%	7.4%	-1.3%	7.9%		2.6%	10.8%	0.1%	3.2%		12.3%	13.7%	6.4%
-Scanner and Services	-9.1%	-21.6%	7.8%	73.7%		17.2%	36.3%	34.7%	19.3%		-33.0%	26.9%	23.2%
Gross profit	0.3%	5.0%	-0.7%	9.7%		4.5%	13.6%	1.9%	5.3%		7.0%	15.0%	8.0%
Operating expense	3.0%	13.8%	2.8%	-5.1%		12.2%	10.0%	5.0%	3.2%		14.5%	7.7%	3.4%
Operating income	-5.0%	-13.5%	-10.1%	56.0%		-10.1%	22.1%	-4.7%	10.1%		-9.8%	35.5%	18.2%
Net income	-8.5%	-13.3%	-11.9%	77.0%		-17.0%	23.7%	2.4%	-7.3%		45.8%	-0.3%	19.3%

(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")