

align

 invisalign® | iTero®

Financial Results

Q4 and Full Year 2020
Align Technology, Inc.

Align Technology, Inc. – Q4 and Full Year 2020 Financial Results

Conference Call

- Speakers:
 - Joe Hogan, President and CEO
 - John Morici, CFO
 - Shirley Stacy, VP, Corporate Communications & Investor Relations
- Replay and Webcast Archive:
 - Telephone replay will be available through 5:30pm ET February 17, 2021
 - Domestic callers: 877-660-6853
 - International callers: 201-612-7415
 - Conference # 13714292
 - Audio web cast archive will be available at <http://investor.aligntech.com> for one month

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Safe Harbor and Forward-Looking Statement

- This presentation contains forward-looking statements, including quotations from management regarding business, market potentials and product momentum, the COVID-19 pandemic and its impact on our business, results of operations and the markets we serve, our expectations for digital adoption in dentistry and the potential impact of our products in the transition, our expectations for our marketing activities, our beliefs regarding our promotions and educational services, and our expectations for our new products, features, services, and accessories and their availability. Forward-looking statements contained in this presentation relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement. Factors that might cause such a difference include, but are not limited to:
 - the impact of the COVID-19 pandemic on the health and safety of our employees, customers, patients, and our suppliers as well as the physical and economic impacts of the various recommendations, orders and protocols issued by local and national governmental agencies in light of the continual evolution of the pandemic, including any periodic reimplementations of preventative measures in various global locations;
 - difficulties predicting customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages and consumer confidence, particularly in light of the pandemic;
 - Unexpected or rapid changes in the growth or decline of our domestic and/or international markets;
 - increasing competition from existing and new competitors;
 - rapidly evolving and groundbreaking advances that fundamentally alter the dental industry or the way new and existing customers market and provide products and services to consumers;
 - the ability to protect our intellectual property rights;
 - continued compliance with regulatory requirements;
 - declines in, or the slowing of the growth of, sales of our intra-oral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
 - the willingness and ability of our customers to maintain and/or increase product utilization in sufficient numbers;
 - the possibility that the development and release of new products or enhancements to existing products do not proceed in accordance with the anticipated timeline or may themselves contain bugs or errors requiring remediation and that the market for the sale of these new or enhanced products may not develop as expected;
 - a tougher consumer demand environment in China generally, especially for manufacturers and service providers whose headquarters or primary operations are not based in China;
 - the risks relating to our ability to sustain or increase profitability or revenue growth in future periods (or minimize declines) while controlling expenses;
 - the impact of excess or constrained capacity at our manufacturing and treat operations facilities and pressure on our internal systems and personnel;
 - the compromise of customer and/or patient data for any reason;
 - the timing of case submissions from our doctors within a quarter as well as an increased manufacturing costs per case;
 - foreign operational, political and other risks relating to our international manufacturing operations; and
 - the loss of key personnel or work stoppages.
- The foregoing and other risks are detailed from time to time in our periodic reports filed with the Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission (SEC) on February 28, 2020 and its latest Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, which was filed with the SEC on October 30, 2020. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

About Non-GAAP Financial Measures

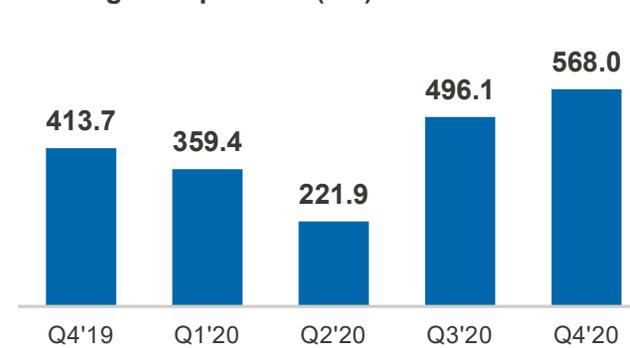
- To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we may provide investors with certain non-GAAP financial measures for gross profit, gross margin, operating expenses, income from operations, operating margin, interest income and other income (expense), net, net income before provision for (benefit from) income taxes, effective tax rate, net income and diluted net income per share, which exclude certain items that may not be indicative of our fundamental operating performance including discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. Non-GAAP measures will exclude the effects of stock-based compensation, amortization of acquired intangibles, non-cash deferred tax assets and associated amortization related to the intra-entity transfer of non-inventory assets, acquisition-related costs, impairments and other (gains) charges, and litigation settlement gains, and, if applicable, any associated tax impacts.
- We use non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our recurring core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal evaluation of period-to-period comparisons. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they will be provided to and used by our institutional investors and the analyst community to help them analyze the performance of our business.
- There are limitations to using non-GAAP financial measures, though, because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. We urge investors to review the reconciliation of our GAAP financial measures to the comparable Non-GAAP financial measures included in this presentation and not to rely on any single financial measure to evaluate our business. For more information on these non-GAAP financial measures, please see the table captioned "Unaudited GAAP to Non-GAAP Reconciliation" and other historical reconciliations which are available at aligntechnology.com.

Trended GAAP Financials

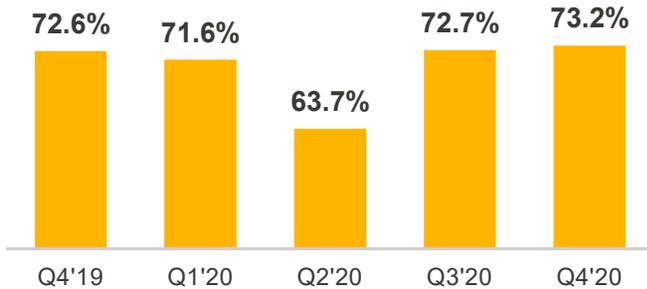
WW Net Revenues (\$M)



Invisalign Shipments (#K)



Gross Margin %



Operating Margin %



FY2020 results include the impact of the COVID-19 pandemic starting in the first quarter of 2020

Opening Commentary

- On our call today, we'll provide some highlights from the fourth quarter and full year, then briefly discuss the performance of our two operating segments: clear aligners, and systems and services. John will provide more detail on our financial results and share additional color on business trends. Following that, we'll come back and summarize a few key points and open the call to questions.
- Our fourth quarter was a strong finish to the year -- with record revenues and volumes from both Invisalign aligners and iTero scanners, as well as increased gross margins, operating margins, EPS, and cash flow. Our Q4 performance was driven by strong year-over-year growth across customer channels and regions and continued momentum sequentially. During the quarter, we achieved a major milestone in EMEA with the shipment to our 2 millionth Invisalign patient, that we will amplify with an EMEA-wide campaign that will launch next month. This milestone for EMEA reflects strong acceleration in Invisalign adoption and growth.
- Our Teen and Mom-focused consumer campaign generated a +77% year-over-year increase in unique visitors to our website and 76% increase in leads generated. In addition, Invisalign social media influencers like Charli D' Amelio, Marsai Martin, Christina Milian, Tisha Campbell-Martin, Rachel Zoe, Tiffany Ma, and Tahj Mowry continued to deliver exciting new content and increased engagement for the Invisalign brand with consumers and among their millions of followers.
- Our Digital platform continues to gain traction as doctor usage of iTero scanners increases. Our Consumer and Patient app was rolled out to more than 50 markets, resulting in a more than 2.5X increase in app downloads and monthly active users in 2020 versus a year ago. Our patient feature usage continues to increase – for example, Invisalign Virtual appointment was used 68,000 times, our insurance verification feature was used 26,000 times and more than 30,000 patients enrolled in Invisalign Virtual Care in 2020. Our new consumer website was rolled out to more than 40 markets around the world and is driving increased effectiveness in lead generation. We also launched an improved new Doctor recruitment website in the US and Canada to support our digital conversion journey. This will be expanded to other markets in the next few months.
- From a product perspective, growth was strong across the Invisalign portfolio, especially for Non-Comprehensive cases including Invisalign Go and Invisalign Moderate. There are also more doctors engaging with us through the Align Digital and Practice Transformation (ADAPT) program, as more practices are moving towards digital practice optimization. As you'll recall, ADAPT was piloted over two years ago and is being commercialized as a stand-alone service providing the relevant workforce, clinical, and marketing support to enable doctors to digitally transform their practices.
- Innovation remains the corner-stone of our business. Today, we announced the availability of the iTero Element® Plus Series, which expands our portfolio of iTero Element scanners and imaging systems to include new solutions that serve a broader range of the dental market.
- The new iTero Element Plus Series of scanners and imaging systems builds on the success of the award-winning iTero Element family and offers all of the existing orthodontic and restorative digital capabilities doctors have come to rely on — plus faster processing time and advanced visualization capabilities for a seamless scanning experience in a new sleek, ergonomically designed package.
- We announced the launch of our next-gen ClinCheck™ Pro 6.0 proprietary treatment planning software, with in-face visualization and our Invisalign® G8 improved Predictability in our last Earnings call. Their availability are being expanded across all regions. Further, we launched several enhancements to our Treatment planning including improved Final teeth position and Auto segmentation. We also added several new features to our Virtual Care tool.
- 2020 was a year unlike any other that we have experienced. The COVID-19 pandemic and its impact have been life-changing – marked by loss and separation, recovery and renewal, record highs and lows, and significant milestones and accomplishments - even in a time of huge disruption. We've all had to adapt, evaluate priorities, and develop new ways of doing things, both personally and professionally. Through it all, Align's priority has been the health and well-being of our employees and their families, and our doctor customers and their staff – and that remains a constant.
- Despite the swift onset of the pandemic and uncertainty throughout 2020, we didn't halt our plans or change our strategy for continued growth. We completed the acquisition of exocad; accelerated our investments in marketing to create Invisalign brand awareness and drive consumer demand for our doctors' offices; accelerated new technology to market with Virtual Tools that enabled our doctors to stay connected with their patients; provided PPE to those in need; and supported doctors and their teams with online education and digital forums that went beyond products to help them navigate the uncertainties of the pandemic. As a result of our continued strategic focus and investments, we exited the year stronger than we started and 2021 is off to a great start.

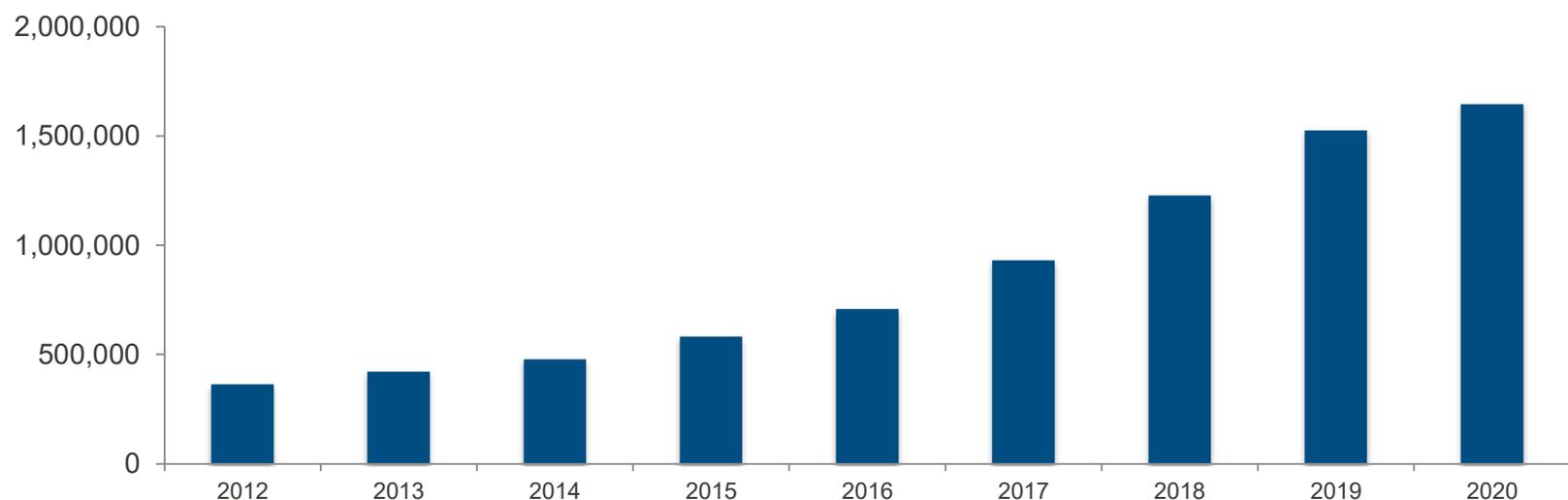
Q4 2020 and Full Year Financial Highlights

- For Q4, total revenues were \$834.5 million, up 13.7% sequentially and up 28.4% year-over-year. Q4'20 clear aligner revenues of \$700.7 million were up 12.9% sequentially and increased 28.9% year-over-year. In Q4, we shipped a record 568 thousand Invisalign cases, an increase of 14.5% sequentially and 37.3% year-over-year. Q4 reflects increased Invisalign adoption from both adults and teenagers, which were up 36.7% and 38.7% year-over-year, respectively.
- In Q4, we shipped to a record 77 thousand Invisalign doctors worldwide, of which a record 7.3 thousand were first time customers. We also trained over 6,400 new doctors in Q4, including over 3,900 international doctors.
- Q4'20 Systems and Services revenues of \$133.8 million were up 18% sequentially driven by momentum in the Americas and EMEA, and up 26.0% year-over-year reflecting strong growth in EMEA and Asia Pacific. Our results reflect continued strong uptake of The iTero Element 5D - the only intraoral scanner with caries detection - which is scaling rapidly across each region and represented approximately a third of iTero volumes in Q4.
- For the full year 2020, total revenues were a record \$2.5 billion up 2.7% year-over-year. Clear Aligner revenues of \$2.1 billion were up 3.7%, reflecting a record 1.6 million Invisalign shipments and growth of 7.9%. During the year, 30.3% of total Invisalign cases, or nearly 500K teens or younger, started Invisalign treatment, up 11.5% from 2019. Systems and Services revenues were down slightly compared to 2019.

GAAP	Q4'20	QoQ	YoY	2020	YoY
Total Net Revenues	\$834.5M	+13.7%	+28.4%	\$2,471.9M	+2.7%
- Clear Aligner*	\$700.7M	+12.9%	+28.9%	\$2,101.5M	+3.7%
- Imaging Systems and CAD/CAM Services	\$133.8M	+18.0%	+26.0%	\$370.5M	(2.8)%
Invisalign Case Shipments	568.0K	+14.5%	+37.3%	1,645.3K	+7.9%
Earnings per Share, diluted	\$2.00	+\$0.24	+\$0.47	\$22.41	+\$16.89

2020 Invisalign Shipments and Strong Growth Trend

Worldwide Shipments



WW Growth	17.5%	16.2%	13.2%	22.0%	21.5%	31.4%	31.9%	24.2%	7.9%
Americas Growth	16.2%	13.5%	8.0%	17.6%	16.2%	25.1%	24.2%	17.5%	3.6%
International Growth	22.3%	25.1%	28.9%	33.1%	33.2%	43.8%	45.0%	34.0%	13.3%

Global Strategic Priorities

2020 results reflect continued progress and execution of our strategic priorities

Patient Demand
& Conversion



Orthodontist
Utilization



GP Dentist
Adoption



International
Expansion

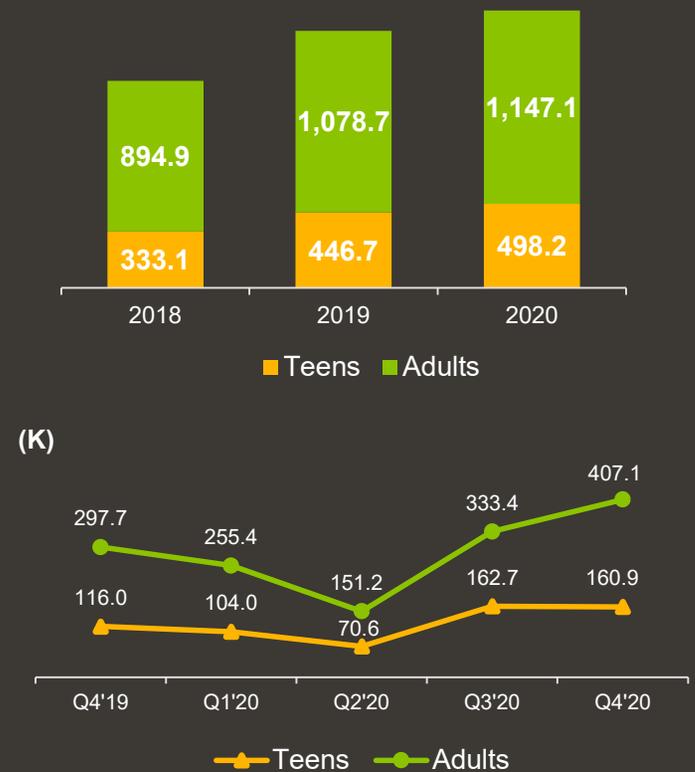


Q4 2020 Financial Highlights

Teens and Adults

- 9.6M total Invisalign patients to date, with 2.4M teens.
- Building on the teen market, in Q4, 160.9 thousand teens and pre-teens started treatment with Invisalign clear aligners, representing 28.3% of total cases shipped, reflecting growth predominantly from North America Orthos and EMEA regions.
- Our Teen and Mom-focused consumer campaign generated +90% year-over-year increase in total leads and over 1,200% increase in Google searches. In addition, Invisalign social media influencers like Charli D' Amelio, Marsai Martin, Christina Milian, Tisha Campbell-Martin, Rachel Zoe, Tiffany Ma, and Tahj Mowry continued to deliver exciting new content and increased engagement for the Invisalign brand with consumers and among their millions of followers.

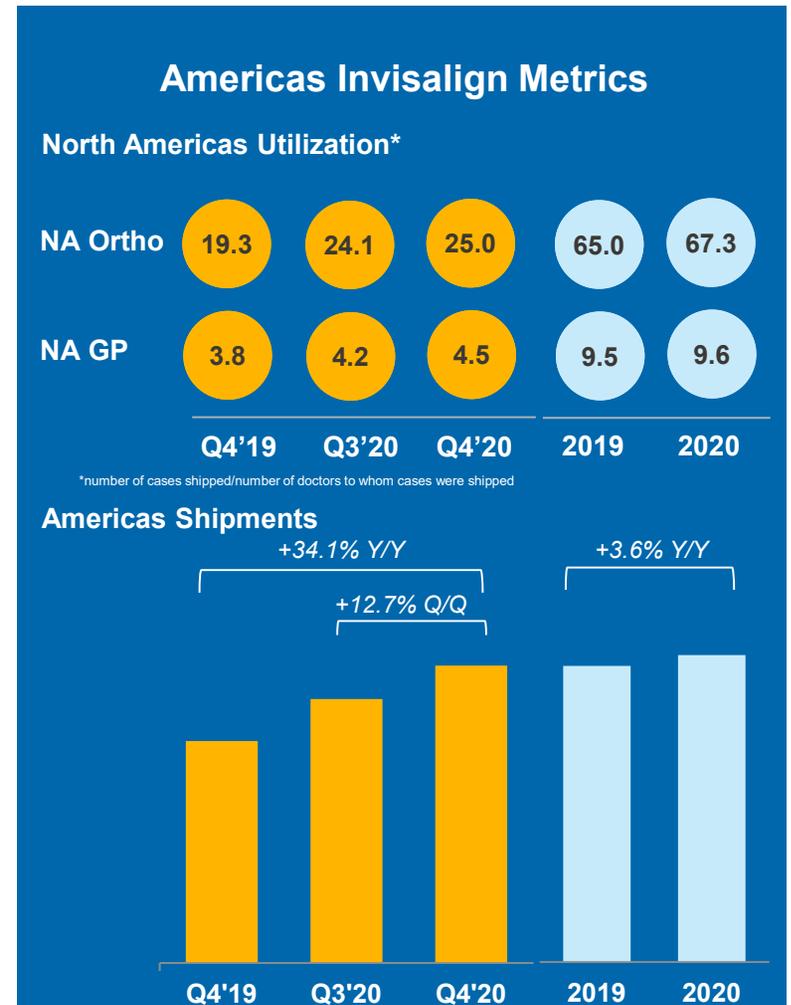
Worldwide Invisalign Case Shipments Teen versus Adult Mix



Q4 2020 Financial Highlights

Americas

- For the Americas region, Q4 Invisalign case volume was up 12.7% sequentially and up 34.1% year-over-year, reflecting increased utilization of Invisalign treatment for both orthodontic and GP channels. Our continued investments in digital marketing and sales programs and focus on market segmentation are helping drive strong growth of Invisalign clear aligners and iTero products.
- During the quarter we continued offering sales initiatives to our doctor partners to help drive adoption of Invisalign and iTero products. The 'Bracket Buy Back – Switch' program, which we launched in North America in Q2'20, continues to drive conversion from wire and brackets to Invisalign clear aligners. During Q4, this program resulted in about 10K new cases similar to Q3. We believe this is also causing a halo effect with patients switching from wire and bracket to Invisalign clear aligners with increased awareness of the benefits of Invisalign treatment and how it is less disruptive to their lives with the outcome of a beautiful smile through an Invisalign trained doctor.
- The 'Teen Awesomeness Centers' program directs patients to Invisalign doctors who are experts at treating teens and are seen as the 'go-to' doctors for treatment. We continue to see growth with Invisalign First for treatment in younger kids driving increased comprehensive treatments within the North America Ortho channel.
- Latin America volume was also up year-over-year, led by strong growth in Brazil and Mexico. We believe the market for orthodontic treatment is huge in Latin America as we continue to grow our presence across the region.
- We saw increased utilization in the GP channel with Invisalign Go and the continued adoption of Moderate. The GP Accelerator program, designed exclusively for general practitioner dentists, provides an all-encompassing support plan based on practice needs, that is centered around maximizing iTero integration, clinical support needs, and implementing new marketing strategies. We also see increased utilization with GP dentists that have enrolled in the iPro program as well as with doctors that have installed the iTero scanner. DSO utilization also increased and continues to be a strong growth driver led by Heartland and Aspen.
- For the full year Americas Invisalign volume was up 3.6%.



Q4 2020 Financial Highlights

International

- For our International business, Q4 Invisalign case volume was up sequentially 16.7%, led by a strong growth in EMEA as doctors returned from Summer holiday season, offset somewhat by seasonally slower period in China. On a year-over-year basis, International shipments were up 41.1%, reflecting increases throughout both EMEA and APAC.
- For the full year, International Invisalign volume was up 13.3%.

EMEA

- For EMEA, Q4 volumes were up sequentially 47.9% and up 48.3% on a year-over-year basis, across all markets, with strong performance across both Ortho and GP channels. Within the GP channel specifically, we saw acceleration in both utilization and shipments with Invisalign Go. We also saw acceleration in both core and expansion markets, with growth in our core markets, led by Iberia, United Kingdom/Ireland (UKI) and France, along with continued growth in our expansion markets, led by Central and Eastern Europe and Benelux.
- We introduced the Ortho Recovery 360 Program in EMEA last quarter to support our orthodontists as they started reopening their businesses. As of Q4, over 3,200 orthodontists have enrolled in the program. During the quarter, we launched the Recovery II Program with a refreshed website featuring all digital tools, growth programs and education events for EMEA doctors to support their relief efforts during COVID-19. We also held our Digital Innovation Forum at the beginning of December where approximately 900 doctors, both Ortho and GP, attended the two-day forum event with keynotes on the digitization of dental practices. We also continued our Digital Excellence Series of webinars launched by iTero team.
- Throughout the quarter, the following digital innovations were also launched across EMEA: Invisalign® G8, ClinCheck™ Pro 6.0 and Invisalign® Go Plus, to help drive Invisalign clear aligner utilization.
- To support our GP doctors, we launched our GP Recovery 360 program last quarter, with over 2700 GPs enrolled so far. We continued to offer online and on-demand education events, which reached over 15,000 GPs cumulatively.
- For the full year, EMEA Invisalign volume was up 12.6%.

APAC

- For APAC, Q4 volumes were down sequentially 14.7%. Notwithstanding typical Q4 seasonality in China -- following a strong Q3 -- we had strong growth in Japan, ANZ and Southeast Asia. On a year-over-year basis, APAC was up 30.0% compared to the prior year reflecting continued strong growth across the region.
- We were pleased to see growth in the Adult segment with non-comprehensive cases with the Invisalign Moderate product in the GP channel. In the Teen segment, we also saw an increase in utilization amongst Invisalign doctors and we saw continued acceleration from Japan and ANZ.
- For the full year, APAC Invisalign volume was up 14.3%.

International Invisalign Metrics

International Utilization*



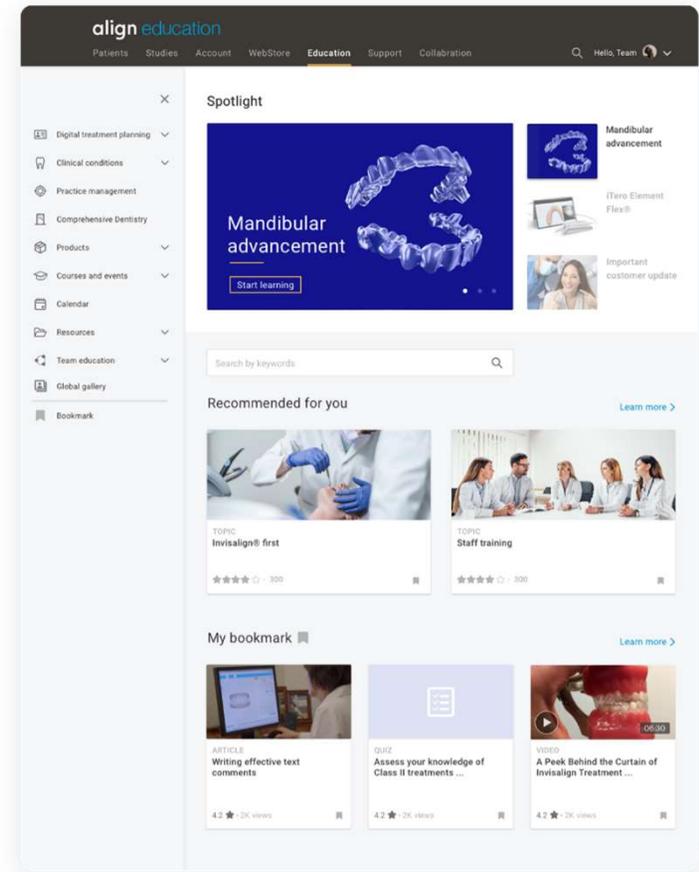
*number of cases shipped/number of doctors to whom cases were shipped

International Shipments



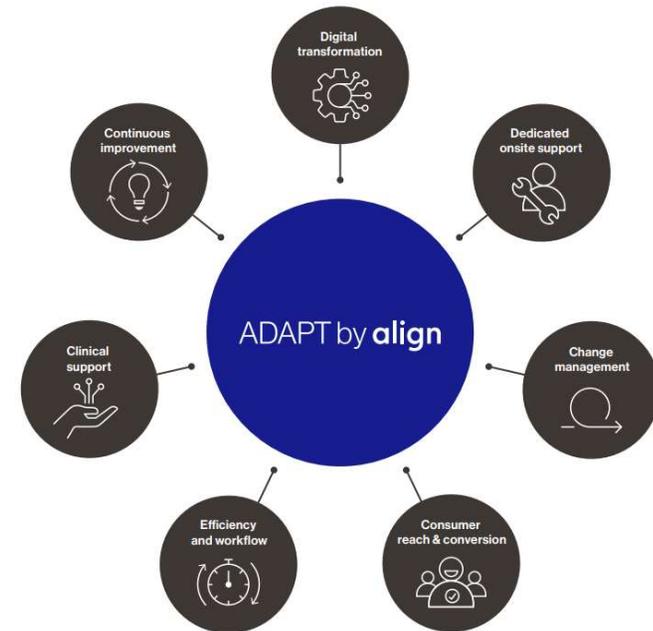
Align Global Education

- Last year, we launched a new and improved digital learning environment for our doctors offering a comprehensive learning platform with role-specific content for Orthos, GPs and their teams. The improved functionality enables more online learning opportunities with spotlight features for what's trending now, recommended learning paths based on doctors' experiences, and expanded categories including: digital treatment planning, comprehensive dentistry, and team education.
- For the year, over 127K doctors have accessed recorded lectures, completed self-paced learning modules, and watched how-to videos, with new certified doctors viewing more than 1.4 million pages of content. Among the Ortho channel, over 47K unique users have engaged with the digital learning site with an additional 80K unique users from the GP channel.



Align Digital and Practice Transformation (ADAPT)

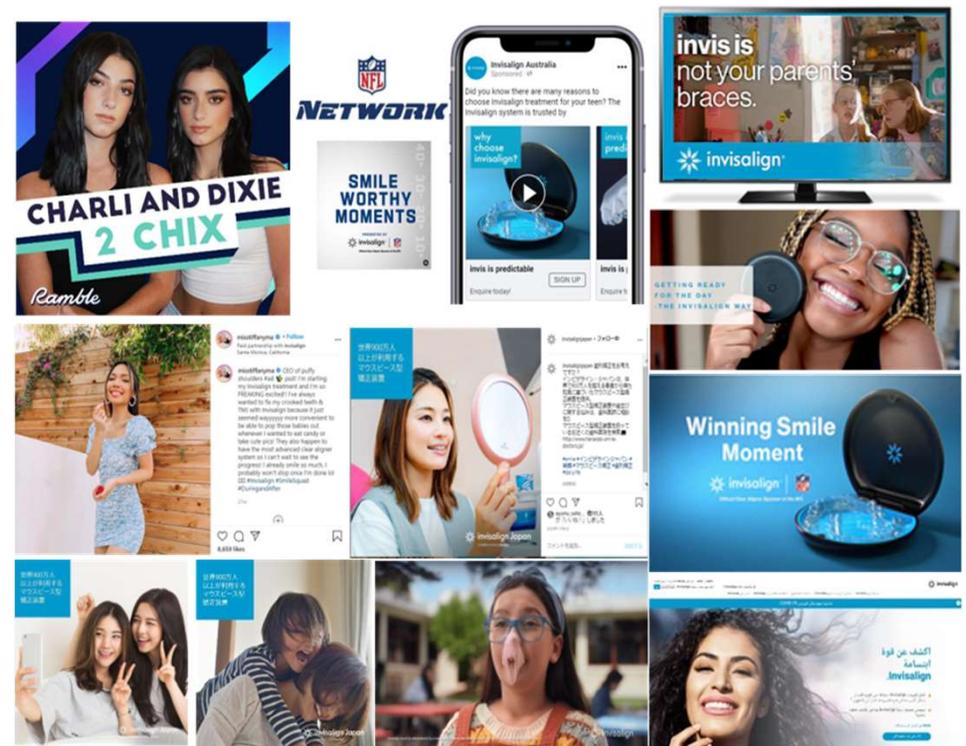
- We are seeing good adoption of the ADAPT program, which is an expert and independent fee- based business consulting service offered by Align to optimize clinics' operational workflow and processes to enhance patient experience and customer and staff satisfaction, which will in turn translate into higher growth and greater efficiencies for orthodontic practices.
- As a result of the ADAPT service, participating practices in Q4 improved profitability significantly after implementation.



Invisalign Brand Consumer Marketing



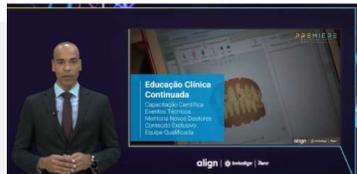
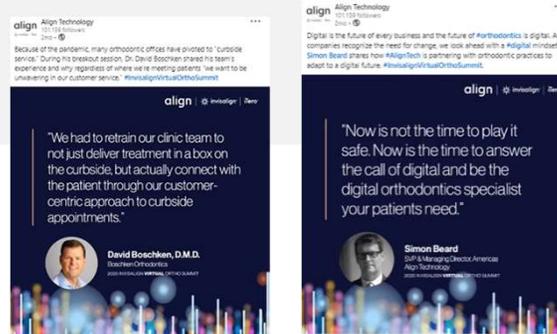
- Our consumer marketing is focused on capitalizing on the massive market opportunity to transform 500 million smiles, educating consumers about the Invisalign system and driving demand to our Invisalign doctor's offices.
- In Q4, we saw strong digital engagement globally with a more than 77% increase in unique visitors, 108% increase in doctor locator searches and 76% increase in leads created, driven by our global adult and mom-focused campaigns and teen-focused influencer content. Our US Mom/Teen multi-touch multimillion dollar campaign with influencer-led YouTube videos, a mom-focused TV spot, a custom Twitch activation, and mega teen sensation Charli D'Amelio continued to perform very well and garnered 2.7 Billion impressions in Q4.
- The statistics speak to the successful reach this marketing campaign is having to not only drive demand with consumers, but also in educating them on the benefits of Invisalign treatment through a doctor's office. In Q4 we also launched media tests in the EMEA region in the UK, Germany and France and in the APAC region in Australia and Japan. These have worked very well and resulted in a more than 6X increase in leads in EMEA and 3X increase in leads in APAC. Several key metrics that show increased activity and engagement with the Invisalign brand are included in our Q4 quarterly presentation slides available on our website.
- Align is always looking for new opportunities to reach consumers and be relevant to potential patients wherever they work, live, and play – which is why we announced that the Invisalign brand is the Official Clear Aligner Sponsor of the National Football League (NFL) and 11 NFL teams, including the Tampa Bay Buccaneers and the Kansas City Chiefs. The NFL league partnership, designed to expand our reach with consumers, generated over 150 million impressions in 2020, helping to drive awareness of Invisalign clear aligner treatment at a national level, while the team agreements are designed to help us engage within key markets and connect consumers with doctors in those markets.



Q4 2020 Events—Americas



Digital practice transformation. Consumer demand and conversion. Virtual tools. Treatment efficiency. Great patient experiences. The Invisalign Summit was the ultimate learning experience for Invisalign practices looking to transform and future-proof their digital orthodontic practice, with the most peer-to-peer presentations of any Invisalign education event. From complex movements to integrating virtual tools and consults to teens and growing patients - covering the most relevant topics and questions in today's digitally-driven practice.



Premiere virtual 2021 event communicated innovation and investments, with the goal of positioning Align as the best partner to doctors and their clinics.



- Webinars: Doctor events
 - Online training sessions
 - Digital courses
 - Patient education materials
- Product announcements:
 - Invisalign® G8 with SmartForce® Aligner Activation, ClinCheck™ Pro 6.0
- Virtual Events:
 - Invisalign Ortho Summit: Virtual Edition attended by over 2,700 Orthos/staff/residents with panel discussions, general session, virtual pavilion with product demos and training and peer-to-peer networking
 - LATAM: Align Premiere Digital 2021 with over 1,200 Invisalign customers

Q4 2020 Events—EMEA



First Digital Innovations Forum held with over 900 doctors, both Orthos and GPs, where we showcased our latest digital innovations and demonstrated how clinicians can provide more efficient treatment experiences for patients.

Keynote speaker: Dr. Edward J. Zuckerberg, D.D.S., F.A.G.D., showcased the value and benefits of digitalization and social media.

More than 15 speakers, experts in the field, shared their best practices and discussed digital transformation and innovation with the audience.

Learn more about the speakers and sessions at <https://www.the-dentist.co.uk/content/news/align-technology-s-first-digital-innovations-forum-held>

Align Collaborates with Centre for Advanced Professional Practices (CAPP) MEA to Lead Education in Digital Dentistry and Clear Aligners

- 3 webinars showcasing the value of the iTero scanner and with hands-on demo in aesthetic dentistry
- Over 3,000 attendees for the 3 webinars
- 2 Invisalign clear aligner courses with regional KOLs



Dr. Debra Kottlow, Founder & Managing Director of CAPP and Angelo Masera, General Manager of Align Technology for the MEA region

- Webinars: Doctor events
 - CAPP MEA webinars
 - Online training sessions
 - Digital courses
 - Patient education materials
- Product announcements:
 - Invisalign® G8 with SmartForce® Aligner Activation, ClinCheck™ Pro 6.0 and Invisalign Go Plus
- Virtual Meetings:
 - Digital Innovations Forum:
 - Over 900 doctors (Orthos and GPs)
 - Keynotes related to digitization of dental practices
 - Digital Excellence Series – Second phase of events, launched by iTero systems and services

Q4 2020 Events—APAC



Inaugural Align APAC Virtual Symposium with 25 world-class speakers from Asia Pacific and the United States shared how they integrate digital treatment planning into their workflow to deliver the most optimal treatment outcomes and experience to their patients. The new ClinCheck Pro 6.0 software with In-Face Visualization was also unveiled during the symposium. Two expert webinar sessions for GPs and Orthodontists follow the symposium this month.



A showcase of Invisalign technology was shown to around 1,200 orthodontists during one of the most influential congresses in Korea. Dr. Alessandro Greco also gave a lecture on 'extraction cases with Invisalign' during the congress, showcasing the advancement in the technology behind Invisalign clear aligners.



Japan Teen Forum – 220 Invisalign doctors participated in the seminar via Zoom. Five speakers shared about the benefit of treating pre-teen and teen cases with Invisalign First and Phase 2 comprehensive treatment.



Speaker Session on Digital Technology in India attended by ~150 doctors to increase awareness of the new ClinCheck Pro 6.0 with "In-Face" Visualization Tool, with three doctors with initial access to the new ClinCheck Pro 6.0. They shared their first-hand experience of using the tools and how they plan to use them in their practices moving forward.

- Webinars: Doctor events
 - Online training sessions
 - Digital courses
 - Patient education materials
- Product announcements:
 - Invisalign® G8 with SmartForce® Aligner Activation, ClinCheck™ Pro 6.0
- Virtual Events:
 - APAC Virtual Symposium with over 1,500 doctors and 25 world-class speakers from APAC and the U.S.
 - Annual Scientific Congress of the Korean Association of Orthodontics (KAO) with approx. 1,200 Orthodontists
 - Japan Teen Forum with 200 doctors
 - India Speaker Session on Digital Technology with approx. 150 doctors across India attending this event

Worldwide Invisalign Brand Consumer Highlights



+98M



Website visitors



+11M



Social media fans



+12.4M



Doc locator searches



+5.7M



Smile assessments

Invisalign Brand Consumer Concierge

- We've connected over 216K potential consumers with Invisalign doctors and reached more than 1.4M consumers in North America. The Invisalign Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain.
- The Invisalign Consumer Concierge service teams are located in the U.S., LATAM, Singapore, Brazil, Australia, the UK, Poland, Saudi Arabia and the Philippines.

+1.4M



+216K



+46K



Invisalign Consumer Concierge

Consumer Conversion connects consumers with top Invisalign providers to deliver a best-in-class experience to achieve a happy and healthy smile.



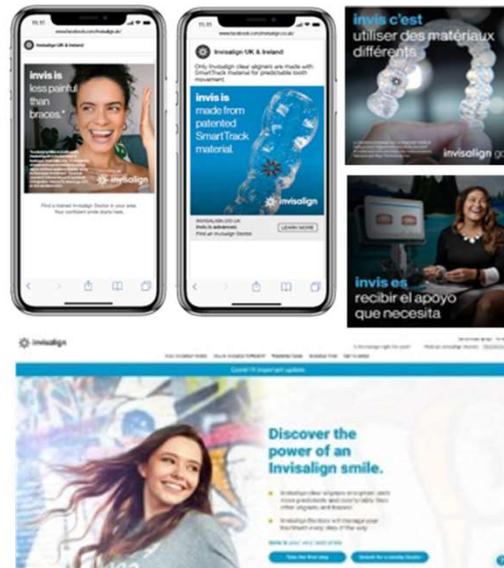
2020 Invisalign Brand Consumer Marketing

AMERICAS		EMEA		APAC	
5.8M	498K	2.5M	468K	1.2M	245K
Website Visitors	Doc Locator Searches	Website Visitors	Doc Locator Searches	Website Visitors	Doc Locator Searches

- Social media and influencer marketing
- Teen, Adult and Moms of teens



- Social media and influencer marketing



- Social media and influencer marketing
- Online consumer



Q4 2020 Financial Highlights

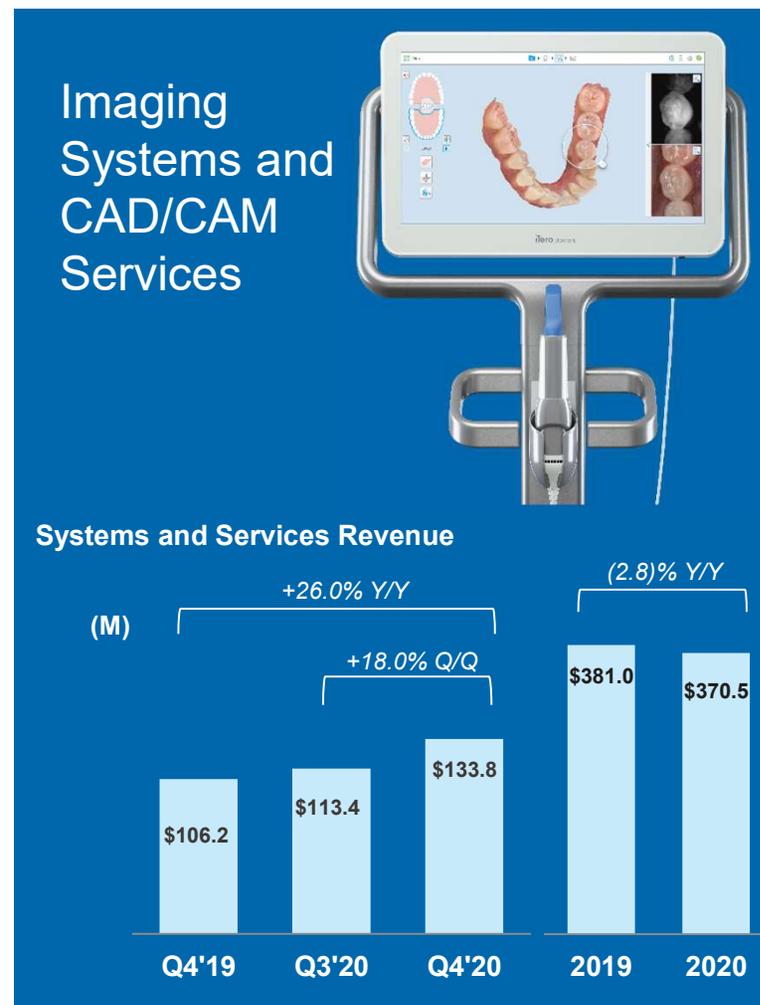
Systems and Services

- For our Systems and Services business, Q4 revenues were up 18.0% sequentially due to higher shipments and services revenues. We continued to see momentum with the iTero Element 5D Imaging System, gaining traction in all regions, with significant Element Flex sales in EMEA. On a year-over-year basis, Systems and Services revenues were up 26.0%, due to higher shipments and services.
- For the year, our Systems and Services total revenues were down 2.8% year-over-year. Cumulatively, over 31.4 million orthodontic scans and 6.7 million restorative scans have been performed with iTero scanners.

Americas	73.5%	76.1%	77.5%	78.8%	79.5%	80.5%	85.7%	83.2%	84.0%
International	57.5%	59.3%	60.9%	62.6%	64.7%	68.7%	72.0%	72.1%	73.7%
	Q4'18*	Q1'19*	Q2'19*	Q3'19*	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20

*Digital scanner percentages revised.

- For Q4, total Invisalign cases submitted with a digital scanner in the Americas increased to 84.0% from 79.5% in Q4 last year. International scans increased to 73.7% up from 64.7% in the same quarter last year. Within the Americas, 94.8% of cases submitted by North American orthodontists were submitted digitally.
- iTero Element intraoral scanners are the winners of the 2020 Dentaltown Townie Choice Award for Digital Impressioning category. Also, during the quarter, the National Association of Dental Laboratories judging panel selected the iTero Element 5D as the winner of the 2020 Journal of Dental Technology WOW! Award. The award represents the recognition of our commitment to enhancing patient engagement and communication that supports efficient laboratory production.



iTero Element® Plus Series

- We announced the availability of the iTero Element® Plus Series, which expands Align's portfolio of iTero Element scanners and imaging systems to include new solutions that serve a broader range of the dental market.
- The new iTero Element Plus Series of scanners and imaging systems builds on the success of the award-winning iTero Element family and offers all of the existing orthodontic and restorative digital capabilities doctors have come to rely on — plus faster processing time and advanced visualization capabilities for a seamless scanning experience in a new sleek, ergonomically designed package. Available in both cart and mobile configurations, the iTero Element Plus Series offers increased flexibility and mobility. The mobile configuration makes the power of the iTero Element Plus Series portable with a medical grade, compact mobile scanner solution that delivers the same high-quality images as the cart configuration.
- The iTero Element Plus Series of solutions offer restorative and orthodontic digital workflows with:
 - Enhanced visualization for optimized patient experience, with higher brightness for clearer and more vivid images, and a fully integrated 3D intraoral camera.¹
 - Faster, seamless scanning: 20 percent less waiting time for scans to process.²
 - Future AI-based features.
 - The iTero Element 5D Plus imaging system includes NIRI technology, which aids in the detection of interproximal caries. The iTero Element 5D Plus Lite imaging system allows for easy NIRI activation via a software upgrade.
- The iTero Element Plus Series cart configuration is commercially available in the United States, Canada, European Union markets, Norway, Switzerland, United Kingdom, Australia, New Zealand, Hong Kong, and India with availability expected in other markets throughout 2021 and 2022. The iTero Element Plus Series mobile configuration is expected to be available pending regulatory approvals on a market-by-market basis. Information about the iTero Element Plus Series can be found at <http://www.itero.com>
- The iTero NIRI technology of the iTero Element 5D is similar to bite-wing x-rays in aiding the detection and diagnosis of interproximal caries lesions above the gingiva.³

¹The fully integrated 3D intraoral camera is available in the iTero Element 5D Plus and iTero Element 5D Plus Lite intraoral scanners.

²Data on file at Align Technology, as of, December 22, 2020.

³Based on a multisite clinical study comparing iTero NIRI technology (Near Infra-red imaging) of the iTero Element 5D to bite-wing x-rays (BWXX) (n= 5,796 proximal tooth surfaces in 102 patients) as a tool in aiding in detection and diagnosis of interproximal caries above the gingiva. Data on file at Align Technology, as of December 23, 2020.

iTero Element® 5D Plus Imaging System



The iTero Element® 5D Plus imaging system needs a full barrier wand sleeve and vent cover in the US.

exocad

- For exocad, during the quarter we launched two of the largest software releases in its history, DentalCAD and exoplan. DentalCAD3.0 Galway includes over 90 new features and over 80 enhanced functionalities with significant improvements to reduce design time, such as Instant Anatomic Morphing.
- exoplan 3.0 Galway includes over 40 new features and over 60 enhanced functionalities that supports planning of edentulous cases, including the design of surgical guides. During the quarter, exocad also added two new large implant manufacturers as OEMs for exoplan in Brazil.



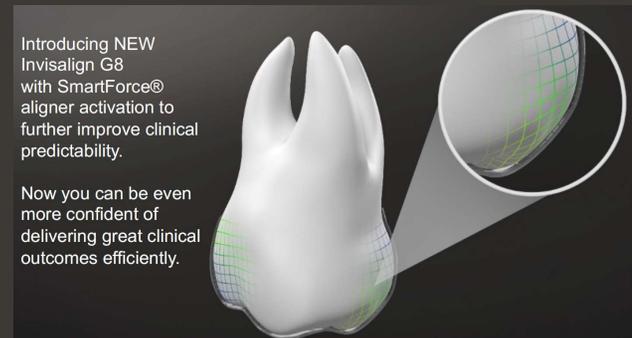
World-class CAD/CAM event “exocad Insights 2020”



- Hybrid event in Darmstadt, Germany in September 2020
- 1,900+ participants (on site and online) and 41 industry partners
- Presentation of two new software releases (exoplan 3.0 Galway and DentalCAD3.0 Galway)
- Celebration of exocad’s tenth anniversary

Commercial Availability of Invisalign® G8 with New SmartForce® Aligner Activation Features Globally

- We announced the global commercial availability of Invisalign® G8 with SmartForce Aligner Activation, the company's latest biomechanics innovations. Invisalign G8 is informed by the company's foundational biomechanics for clear aligners and its database of more than 9 million Invisalign patients to optimize tooth movements and further improve predictability for frequently treated crowding, crossbite, and deep bite cases. The company previously announced that Invisalign G8 would be available in the first quarter of 2021.
- With SmartForce Aligner Activation, select areas of the aligner surface are specifically contoured to apply optimal forces to the tooth surfaces to control the location, direction and intensity of the force to produce the desired outcome and minimize unwanted movement. Specific, strategic contact areas between the aligner and the tooth are created by SmartForce Aligner Activation and work in concert with SmartForce features for even greater control of the force systems.
- In addition, with Invisalign G8, doctors can now select automatic placement of Precision Bite Ramps during the prescription process. Data demonstrates that Precision Bite Ramps improve lower intrusion in deep bite cases.



Invisalign G8 with new SmartForce Aligner Activation ensures sufficient and consistent activation in every aligner stage to help doctors get more of the desired movements from every aligner in the treatment of crowding, crossbite, and deep bite.

For crowding and crossbite cases:

- Smart Force Aligner Activation aids in posterior arch expansion by working synergistically with New Optimized Expansion Support attachments or Optimized Expansion Support and Rotation attachments to reduce the potential for buccal crown tipping during posterior arch expansion.

For deep bite cases:

- SmartForce Aligner Activation supports anterior intrusion with improvements in the treatment plan set-ups to level the Curve of Spee and demonstrates up to 2x improvement in predictability of incisor intrusion.

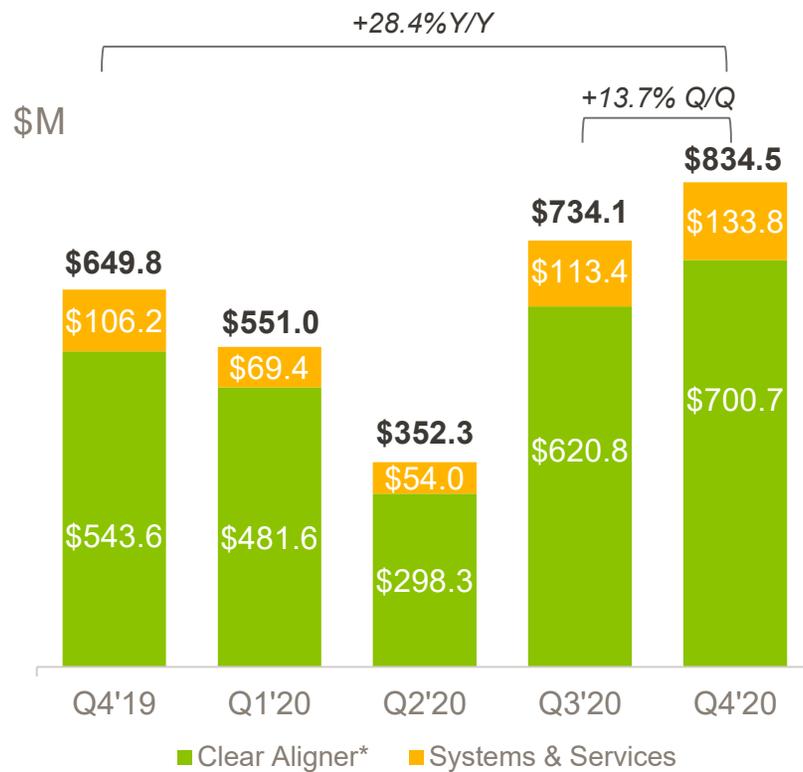
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+ Q4 2020 Financial Review

Revenues Trend

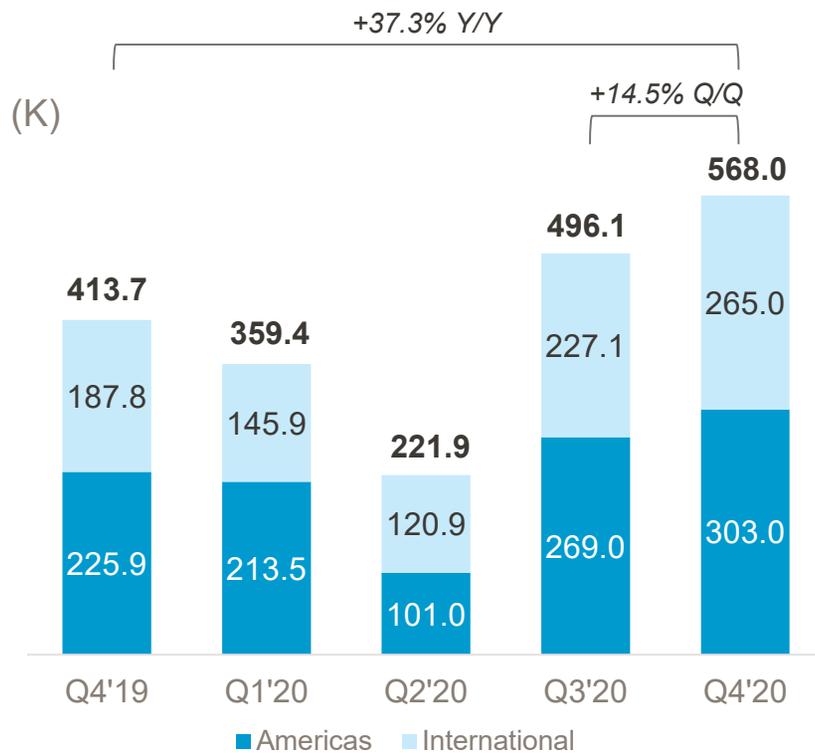
Q4'20 highlights



- Total revenues for the fourth quarter were \$834.5 million, up 13.7% from the prior quarter and up 28.4% from the corresponding quarter a year ago.
- For Clear Aligners, Q4 revenues of \$700.7 million were up 12.9% sequentially and up 28.9% year-over-year reflecting Invisalign volume growth in all regions, partially offset by lower ASPs. Clear Aligner revenues growth was favorably impacted by foreign exchange of approximately \$5 million or approximately 0.8 points sequentially and on a year-over-year basis by approximately \$10.3 million or approximately 1.9 points.
- Q4 Invisalign ASPs were down sequentially \$15 primarily due to increased revenue deferrals related to a higher mix of new cases vs. additional aligners, partially offset by favorable foreign exchange, and lower promotional discounts.
- As we mentioned last quarter, we did not implement a price increase in 2020 given our continued commitment to helping our customers in their recovery efforts during the pandemic.
- On a year-over-year basis, Q4 Invisalign ASPs decreased approximately \$75 primarily due to our decision not to raise prices last summer, increased revenue deferrals for new cases vs. additional aligners, and higher promotional discounts, partially offset by favorable foreign exchange. As a result, clear aligner deferred revenue on the balance sheet increased \$83 million sequentially and \$195 million year-over-year and will be recognized as the additional aligners are shipped.
- Our System and Services revenues for the fourth quarter was \$133.8 million, up 18.0% sequentially due to an increase in scanner sales and increased services revenues from our larger installed base and higher ASPs. Year-over-year System and Services revenues was up 26.0% due to higher scanner sales, services revenues, and the inclusion of exocad's CAD/CAM services, partially offset by lower scanner ASPs.
- Imaging Systems and CAD/CAM Services deferred revenue was up 30% sequentially and up 69% year-over-year primarily due to the increase in scanner sales and the deferral of service revenues, which will be recognized ratably over the service period.

Clear Aligner Shipments Trend

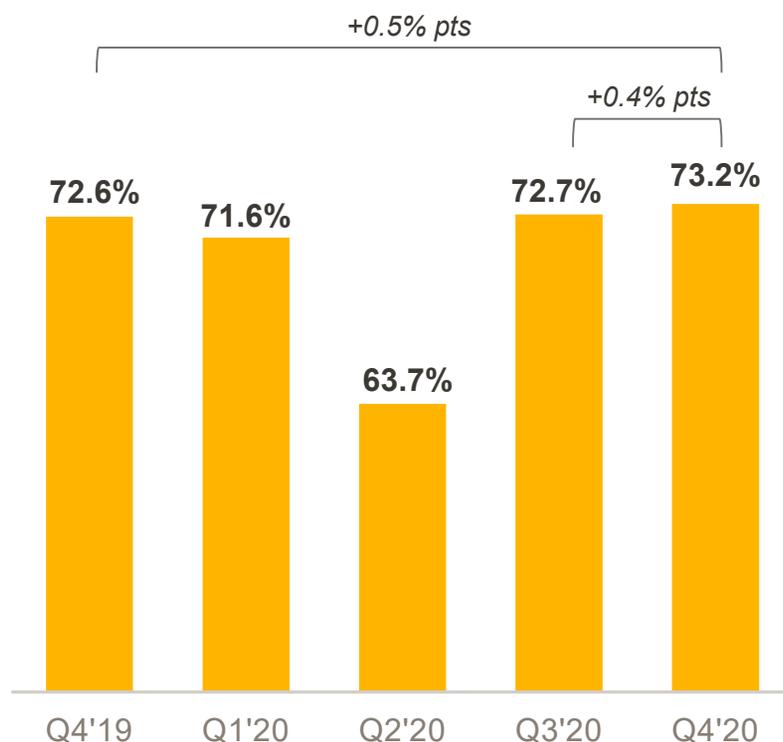
Q4'20 highlights



- Total Q4 Clear Aligner shipments of 568.0 thousand cases were up 14.5% sequentially and up 37.3% year-over-year.

GAAP Gross Margin Trend

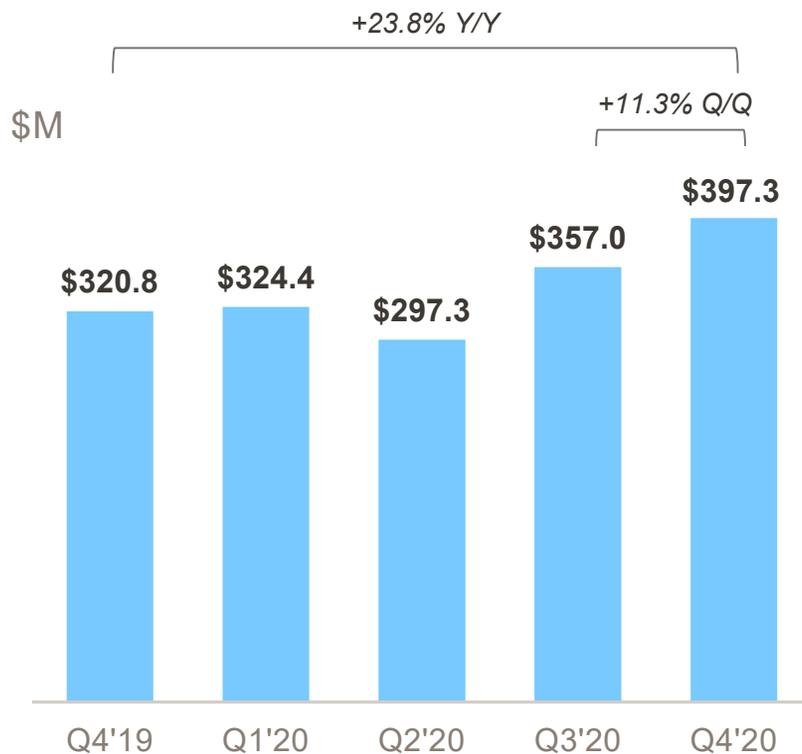
Q4'20 highlights



- Fourth quarter overall gross margin was 73.2%, up 0.4 points sequentially and up 0.5 points year-over-year. On a non-GAAP basis, excluding stock-based compensation expense and amortization of intangibles related to exocad, overall gross margin was 73.6% for the fourth quarter, up 0.3 points sequentially and up 0.7 points year-over-year.
- Clear Aligner gross margin for the fourth quarter was 74.9%, up 0.1 point sequentially due to lower additional aligner volume, partially offset by higher warranty, other manufacturing costs and lower ASPs.
- Clear Aligner gross margin was up 0.7 points year-over-year due to favorable absorption as a result of increased manufacturing volumes partially offset by lower ASPs, higher warranty and other manufacturing costs.
- Systems and Services gross margin for the fourth quarter was 64.2%, up 2.2 points sequentially primarily due to higher ASPs and increased manufacturing efficiencies from higher productions volumes.
- Systems and Services gross margin was down 0.7 points year-over-year due to lower ASPs, higher freight and other manufacturing costs partially offset by higher services revenue.

GAAP Operating Expense Trend

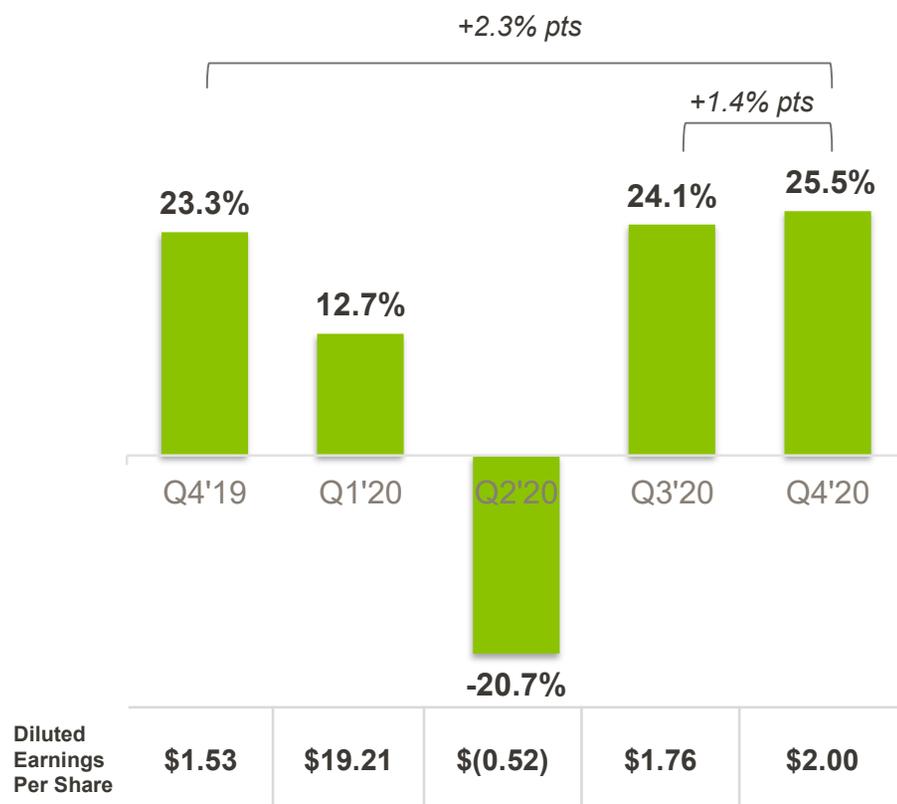
Q4'20 highlights



- Q4 operating expenses were \$397.3 million, up sequentially 11.3% and up 23.8% year-over-year. The sequential increase in operating expenses is due to increased marketing and media spend and spending commensurate with business growth.
- Year-over-year, operating expenses increased by \$76.5 million, reflecting our continued investment in sales and marketing, R&D activities, and manufacturing operations.
- On a non-GAAP basis, operating expenses were \$372.3 million, up sequentially 12.1% and up 23.4% year-over-year due to the reasons described.

GAAP Operating Margin and Earnings Per Share Trend

Q4'20 highlights



- Our fourth quarter operating income of \$213.2 million resulted in an operating margin of 25.5%, up 1.4 points sequentially and up 2.3 points year-over-year. The sequential and year-over-year increases in operating income and operating margin are primarily attributable to higher gross margin and operating leverage. On a non-GAAP basis, which excludes stock-based compensation, amortization of intangibles related to exocad, and acquisition-related costs, operating margin for the fourth quarter was 28.9%, up 0.9 points sequentially, and up 2.5 points year-over-year.
- Interest and other income & expense, net for the fourth quarter, was a benefit of \$1.4 million, primarily driven by favorable foreign exchange.
- With regards to the fourth quarter tax provision, our GAAP tax rate was 25.9% which includes tax benefits of approximately \$11 million related to adjustments in prior years' unrecognized tax positions. The fourth quarter tax rate on a non-GAAP basis was 14.5% compared to 16.6% in prior quarter and 20.9% in the same quarter a year ago. The fourth quarter non-GAAP tax rate was lower than the third quarter's rate primarily due to the reason previously stated.
- Fourth quarter net income per diluted share was \$2.00, up \$0.24 sequentially and up \$0.47 compared to the prior year. On a non-GAAP basis, net income per diluted share was \$2.61 for the fourth quarter, up \$0.37 sequentially and up \$0.85 year-over-year.

Balance Sheet and Cash Flow Highlights

- As of December 31, 2020, cash and cash equivalents were \$960.8 million, an increase of approximately \$345.3 million from the prior quarter, which is primarily due to higher cash flow from operations. Of our \$960.8 million of cash and cash equivalents, \$548.3 million was held in the US and \$412.5 million was held by our International entities.
- Q4 accounts receivable balance was \$657.7 million, up approximately 5.0% sequentially. Our overall days sales outstanding (DSO) was 71 days, down approximately 6 days sequentially and down approximately 5 days as compared to Q4 last year due to strong cash collections.
- Cash flow from operations for the fourth quarter was \$381.4 million.
- Capital expenditures for the fourth quarter were \$53.2 million, primarily related to our continued investment in increasing aligner capacity and facilities.
- Free cash flow, defined as cash flow from operations less capital expenditures, amounted to \$328.3 million.
- Under our May 2018 Repurchase Program, we have \$100.0 million still available for repurchase of our common stock.

(\$ in millions except for DSO)	Q4'19	Q3'20	Q4'20
Accounts Receivables, net	\$550.3	\$626.0	\$657.7
DSO	76 days	77 days	71 days
Cash, Cash Equivalents & Short-Term Marketable Securities	\$868.6	\$615.5	\$960.8
Cash Flow from Operations	\$218.2	\$211.1	\$381.4
Capital Expenditures	\$(42.5)	\$(21.3)	\$(53.2)
Free Cash Flow*	\$175.6	\$189.8	\$328.3

*Free cash flow is defined as cash flow from operations less purchase of property, plant and equipment and is a non-GAAP measure. Rounding may affect totals.

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+ 2020 Financial Overview

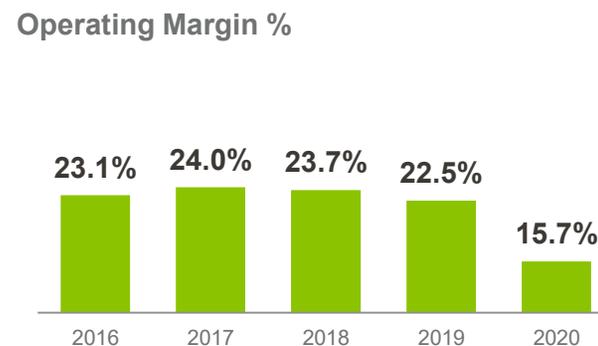
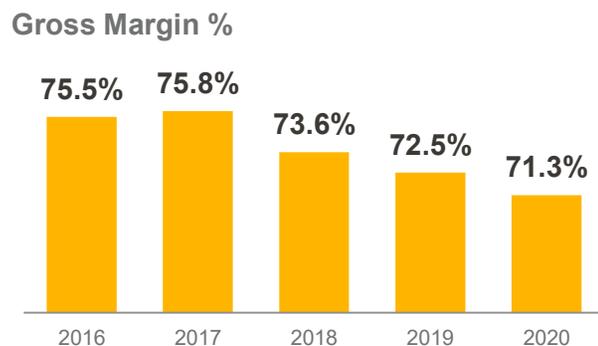
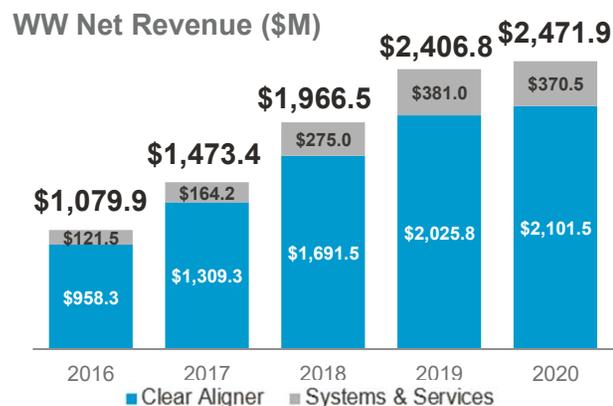
2020 Financial Highlights

- In 2020, we shipped a record 1.6 million Invisalign cases, up 7.9% year-over-year. This reflects 13.3% volume growth from our International doctors and 3.6% volume growth from our Americas doctors.
- System and Services volumes were down 12% compared to 2019, reflecting the impact of COVID19 pandemic on equipment sales.
- Total revenue was a record \$2.5 billion, up 2.7% year-over-year, with Clear Aligner revenues a record \$2.1 billion up 3.7% year-over-year.
- 2020 Systems and Services revenues were \$370.5 million including exocad revenues from April 1, 2020 forward, compared to \$381.0 million in 2019.
- Full year 2020 operating income of \$387.2 million, down 28.6% vs. 2019 and operating margin at 15.7% vs. 22.5% 2019. 2019 operating income included a litigation benefit of \$51 million and Invisalign Store closure costs of \$23 million for a net benefit on operating margin of 1.1%.
- With regards to full year tax provision, our GAAP tax rate was (368.6)% which includes a one-time tax benefit of approximately \$1.5 billion, net of current year amortization, associated with the recognition of a deferred tax asset related to the intra-entity sale of certain intellectual property rights resulting from our corporate structure reorganization completed in the first quarter of 2020. Excluding the tax benefit related to our corporate structure reorganization and the related tax effects of stock based compensation and other non-GAAP adjustments, the full year tax rate on a non-GAAP basis was 17.6% compared to 22.0% for 2019.
- 2020 diluted EPS was \$22.41. On a non-GAAP basis, 2020 diluted EPS was \$5.25.
- Free cash flow was \$507.3 million for 2020, down \$90.3 million vs. 2019.

GAAP	2020	YoY
Total Net Revenues	\$2,471.9M	+2.7%
- Clear Aligner*	\$2,101.5M	+3.7%
- Imaging Systems and CAD/CAM Services	\$370.5M	(2.8)%
Invisalign Case Shipments	1,645.3K	+7.9%
Earnings per Share, diluted	\$22.41	+\$16.89

¹Free cash flow is a non-GAAP measure defined as cash flow from operations less purchase of property, plant and equipment.

2020 Trended GAAP Financials



Balance Sheet and Cash Flow Highlights

(\$ in millions except for DSO)	2019	2020
Accounts Receivables, net	\$550.3	\$657.7
DSO	76 days	71 days
Cash, Cash Equivalents & Short-Term Marketable Securities	\$868.6	\$960.8
Cash Flow from Operations	\$747.3	\$662.2
Capital Expenditures	\$(149.7)	\$(154.9)
Free Cash Flow*	\$597.6	\$507.3

**Free cash flow is defined as cash flow from operations less purchase of property, plant and equipment and is a non-GAAP measure. Rounding may affect totals.*

Business Trends Commentary

- Overall, we are very pleased with our Q4 performance and the strong momentum in our business, which has continued through January for both clear aligners and systems and services. As we discussed at our Investor day in November, we are committed to making significant investments to drive growth and we are seeing good return on these investments across all regions and customer channels. These strong returns give us confidence to continue investing in sales, marketing, innovation and manufacturing capacity to accelerate adoption in a huge, underpenetrated market. These investments, coupled with a typically higher seasonal operating expense as a percentage of revenue, are expected to result in a sequentially lower operating margin percent in Q1 – as we have historically seen. While the global environment surrounding the pandemic remains uncertain, we will continue to focus on what we can control and are confident in our ability to continue to execute. Our responsibility is to continue driving innovation and delivering on the needs of our customer doctors and their patients.
- Over the past 24 years, Align has invested billions in technology, innovation, consumer marketing and demand creation to connect millions of consumers with our doctor customers. We will continue to invest in this business to drive demand and to drive adoption of the Align Digital Platform, including manufacturing and operational expansion.
- We will always be responsible. Just like we've done in the past, we make investments to drive growth and maximize ROI. We remain committed to our long-term target model of 20-30% revenue growth for clear aligners and systems and services, and operating margin of 25% to 30%.

Closing Commentary

- The choices we made in 2020 – to protect employees, support customers, and press forward in our strategy for growth – were possible because of the strength of our balance sheet and the confidence we have in our business model. Our actions reflect our conviction in the enormous opportunity we have to transform smiles and change lives. With 15 million orthodontic cases starts annually and more than 500 million consumers who can benefit from a better smile, the market for digital orthodontics and restorative dentistry is massive and has been unleashed by the need for digital. In a macro sense, COVID-19 has accentuated the benefits and pervasiveness of the digital economy. From an Align standpoint, practices across every region are embracing digital treatment in new ways and more purposefully than ever before. Invisalign providers are using our virtual tools to minimize in-office appointments and deliver doctor-directed, personalized treatment that meets the needs of the moment – and that will re-shape the future of treatment.
- Digital acceleration is not just around Invisalign treatment – it includes digital workflows around iTero scanners and general dentistry. Doctors tell us that the iTero scanner is central to their practice and their practice workflows, and it is key to driving digital treatment. We've always known this; iTero and now exocad are core components of the Align Digital Platform, our integrated suite of unique, proprietary technologies and services delivered as a seamless, end-to-end solution for patients and consumers, orthodontists and GP dentists, and lab partners. In particular, we now have all the building blocks to create digital workflows leveraging the combined power of Invisalign treatment, iTero scanners, and exocad software to become more relevant to the GP market, which is critical to accessing the 500 million consumer opportunity.
- Align is a growth business with huge opportunities, but the environment remains uncertain due to COVID-19. Our plan is to counter uncertainty by staying focused on our long-term strategy, living our values, supporting our employees and customers, and keeping in mind the demand drivers we've identified over the past year: the re-direction of disposable income for many consumers; channel focus that allows us to reach and support a wider range of customers within each channel; and, most importantly, the digital mindset that is taking hold with more and more of our customers and that we are supporting through innovative products and programs that can help support their digital transformation.
- We are not ignoring the reality of COVID-19 and how long it may be part of our lives, but we're also not going to stop driving the business forward for the good of customers and their patients, our employees, and our stakeholders.
- In closing, we want to leave you with a few thoughts as we begin a new year. While there is a considerable amount of turmoil in the world, our focus is on what we can control. We have strong momentum. We will stay focused on our strategic priorities: international expansion, patient demand and conversion, orthodontist utilization, and GP dentist treatment.
- In summary, we are very pleased with the fourth quarter and full year results of 2020, during a remarkable year with events beyond our control as a result of COVID-19. It is during times such as this, when having a solid strategy combined with focused execution can lead to outcomes that support growth, not only for Align's business but also practice growth for Align's customers which also leads to more and more Invisalign smiles.

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Transforming

s m i l e s



e s

changing lives

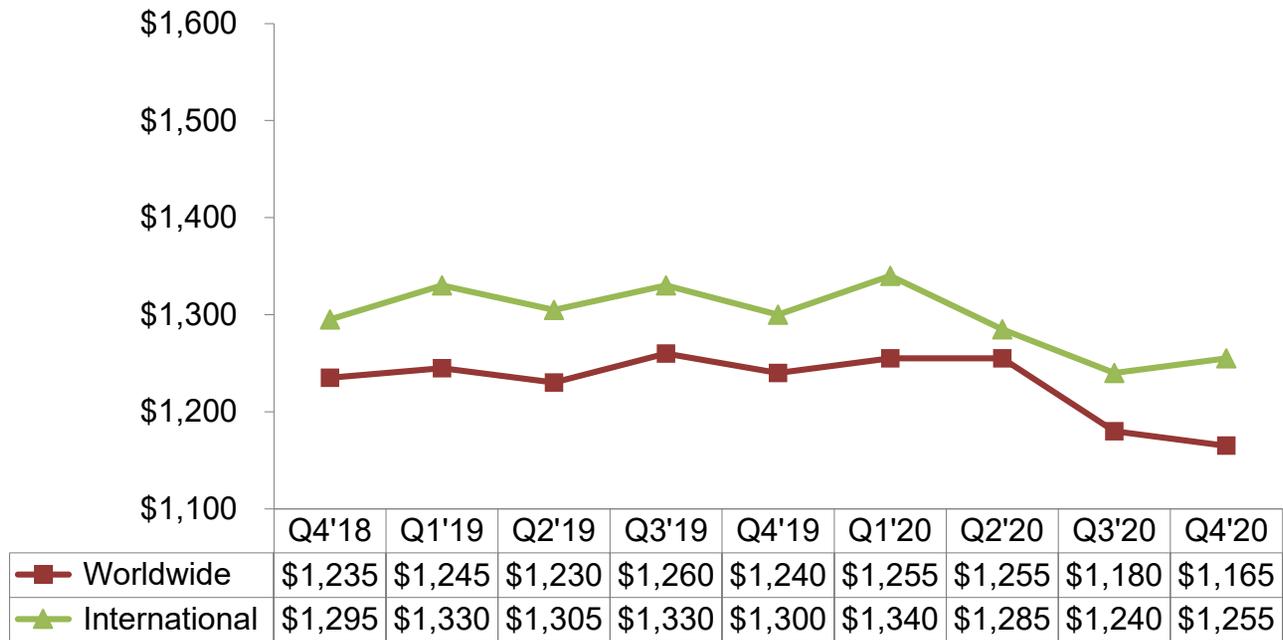
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+ Appendix

Invisalign Average Selling Price (ASP)

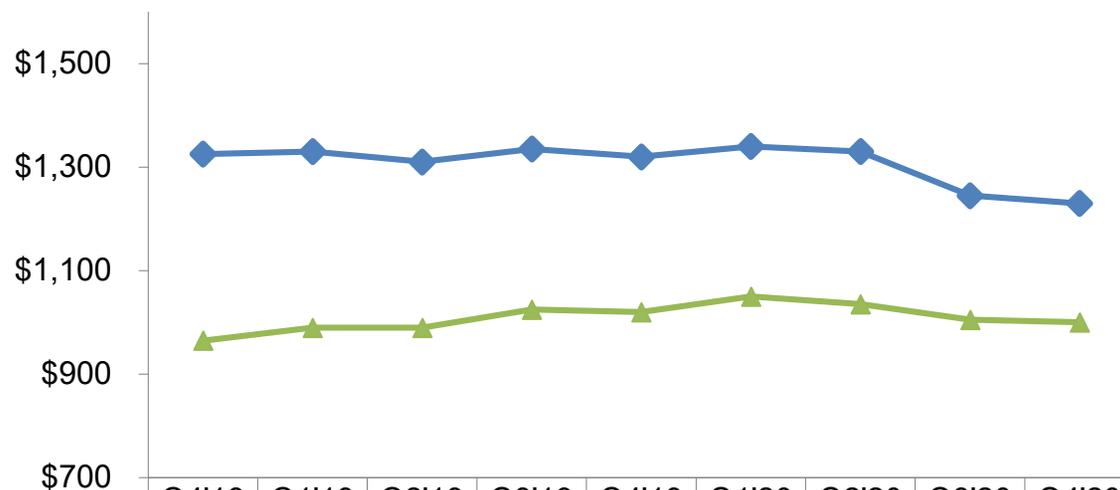
Worldwide and international



ASP: Invisalign case revenue / Invisalign case shipments

Invisalign Average Selling Price (ASP)

Product groups



◆ Comprehensive Products	**	\$1,325	\$1,330	\$1,310	\$1,335	\$1,320	\$1,340	\$1,330	\$1,245	\$1,230
▲ Non-comprehensive Products	**	\$965	\$990	\$990	\$1,025	\$1,020	\$1,050	\$1,035	\$1,005	\$1,000

Comprehensive Products: Comprehensive Products include, but are not limited to, Invisalign Comprehensive, Invisalign Assist and Invisalign First.

Non-Comprehensive Products: Non-Comprehensive Products include, but are not limited to, Invisalign Moderate, Lite and Express packages and Invisalign Go.

ASP: Invisalign case revenue / Invisalign case shipments

Unaudited GAAP to Non-GAAP reconciliation

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
GAAP gross profit	\$ 610,463	\$ 471,958	\$ 1,763,235	\$ 1,743,897
Stock-based compensation	1,234	1,410	4,719	5,154
Amortization of intangibles ⁽¹⁾	2,175	-	6,525	-
Non-GAAP gross profit	\$ 613,872	\$ 473,368	\$ 1,774,479	\$ 1,749,051
GAAP gross margin	73.2%	72.6%	71.3%	72.5%
Non-GAAP gross margin	73.6%	72.8%	71.8%	72.7%
GAAP operating expenses	\$ 397,279	\$ 320,808	\$ 1,376,064	\$ 1,201,404
Stock-based compensation	(24,030)	(19,087)	(93,708)	(83,030)
Amortization of intangibles ⁽¹⁾	(887)	-	(3,062)	-
Acquisition related costs ⁽²⁾	(62)	-	(7,683)	-
Impairments and other (gains) charges ⁽³⁾	-	-	-	(22,990)
Litigation settlement gain ⁽⁴⁾	-	-	-	51,000
Non-GAAP operating expenses	\$ 372,300	\$ 301,721	\$ 1,271,611	\$ 1,146,384
GAAP income from operations	\$ 213,184	\$ 151,150	\$ 387,171	\$ 542,493
Stock-based compensation	25,264	20,497	98,427	88,184
Amortization of intangibles ⁽¹⁾	3,062	-	9,587	-
Acquisition related costs ⁽²⁾	62	-	7,683	-
Impairments and other (gains) charges ⁽³⁾	-	-	-	22,990
Litigation settlement gain ⁽⁴⁾	-	-	-	(51,000)
Non-GAAP income from operations	\$ 241,572	\$ 171,647	\$ 502,868	\$ 602,667
GAAP operating margin	25.5%	23.3%	15.7%	22.5%
Non-GAAP operating margin	28.9%	26.4%	20.3%	25.0%
GAAP interest income and other income (expense), net	\$ 1,358	\$ 4,647	\$ (8,222)	\$ 20,158
Acquisition related costs ⁽²⁾	-	-	10,187	-
Non-GAAP interest income and other income (expense), net	\$ 1,358	\$ 4,647	\$ 1,965	\$ 20,158
GAAP net income before provision for (benefit from) income taxes and equity in losses of investee	\$ 214,542	\$ 155,797	\$ 378,949	\$ 562,651
Stock-based compensation	25,264	20,497	98,427	88,184
Amortization of intangibles ⁽¹⁾	3,062	-	9,587	-
Acquisition related costs ⁽²⁾	62	-	17,870	-
Impairments and other (gains) charges ⁽³⁾	-	-	-	22,990
Litigation settlement gain ⁽⁴⁾	-	-	-	(51,000)
Non-GAAP net income before provision for (benefit from) income taxes and equity in losses of investee	\$ 242,930	\$ 176,294	\$ 504,833	\$ 622,825
GAAP provision for (benefit from) income taxes	\$ 55,554	\$ 34,535	\$ (1,396,939)	\$ 112,347
Tax impact on non-GAAP adjustments	2,635	2,390	23,566	24,635
Tax related non-GAAP items ⁽⁵⁾	(22,984)	-	1,462,302	-
Non-GAAP provision for (benefit from) income taxes	\$ 35,205	\$ 36,925	\$ 88,929	\$ 136,982
GAAP effective tax rate	25.9%	22.2%	(368.6)%	20.0%
Non-GAAP effective tax rate	14.5%	20.9%	17.6%	22.0%
GAAP net income	\$ 158,988	\$ 121,262	\$ 1,775,888	\$ 442,776
Stock-based compensation	25,264	20,497	98,427	88,184
Amortization of intangibles ⁽¹⁾	3,062	-	9,587	-
Acquisition related costs ⁽²⁾	62	-	17,870	-
Impairments and other (gains) charges ⁽³⁾	-	-	-	22,990
Litigation settlement gain ⁽⁴⁾	-	-	-	(51,000)
Tax impact on non-GAAP adjustments	(2,635)	(2,390)	(23,566)	(24,635)
Tax related non-GAAP items ⁽⁵⁾	22,984	-	(1,462,302)	-
Non-GAAP net income	\$ 207,725	\$ 139,369	\$ 415,904	\$ 478,315
GAAP diluted net income per share	\$ 2.00	\$ 1.53	\$ 22.41	\$ 5.53
Non-GAAP diluted net income per share	\$ 2.61	\$ 1.76	\$ 5.25	\$ 5.97
Shares used in computing diluted net income per share	79,505	79,137	79,230	80,100

Notes:

(1) During the three months and year ended December 31, 2020, we recorded amortization of intangible assets related to our Q2'20 exocad acquisition.

(2) During the year ended December 31, 2020, we recorded certain incremental expenses related to our Q2'20 exocad acquisition including third party advisory, legal, tax, accounting, banking, valuation, and other professional or consulting fees and foreign exchange losses related to a forward contract for the purchase commitment. Acquisition costs for the three months ended December 31, 2020 relate to professional fees.

(3) During the year ended December 31, 2019, we recorded a net impairment charge of \$23.0 million consisting of impairments and other charges as a result of closing our Invisalign stores due to the arbitrator's decision regarding SDC including operating lease right-of-use asset impairments, store leasehold improvement and fixed asset impairments and employee severance and other charges offset by a gain from the negotiation of early termination of our Invisalign store leases.

(4) During the year ended December 31, 2019, we recorded a \$51.0 million gain from the settlement of the Straumann litigation.

(5) During the year ended December 31, 2020, we recorded a one-time net tax benefit for the deferred tax asset and certain costs associated with the intra-entity transfer in the three months ended March 31, 2020 of certain intellectual property rights and assets to our Swiss subsidiary and related tax impact from the amortization of the transferred intangibles assets. For the three months ended December 31, 2020, we recorded amortization of the benefit from the transferred intangibles assets.

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