Q3 2023 Financial Results

Align Technology, Inc.

October 25, 2023

Q3 2003 Conference Call Details

Conference call

- **Speakers:**
  - Joe Hogan, President and CEO
  - John Morici, CFO
  - Shirley Stacy, VP, Finance, Investor Relations and Corporate Communications
- **Webcast Archive:**
  - Audio webcast archive will be available at http://investor.aligntech.com for one month

Contacts

- Website: http://investor.aligntech.com/
- Email: investorinfo@aligntech.com
- Tel: (602) 742-2000
- Corporate and Investor Communications:
- Shirley Stacy, sstacy@aligntech.com
- Madelyn Valente, mvalente@aligntech.com

16 million smiles invisalign®

Safe Harbor and Forward-Looking Statements

This presentation, including the tables below, contains forward-looking statements, including statements of beliefs and expectations regarding our ability to successfully control our business and operations and pursue our strategic growth drivers, our expectations regarding the availability, regulatory clearance, effectiveness and customer desire for new products and technologies, our expectations for our stock repurchase programs, market opportunities, anticipated clear aligner volumes and ASP, anticipated Systems and Services revenue, our expectations for Q4'23 revenues and GAAP and non-GAAP operating margin, and 2023 revenues and GAAP and non-GAAP operating margin, as well as capital expenditures. Forward-looking statements contained in this news release 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 reflect our best judgments based on currently known facts and circumstances 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:

- macroeconomic conditions, including inflation, fluctuations in currency exchange rates, rising interest rates, market volatility, weakness in general economic conditions and recessions and the impact of efforts by central banks and federal, state and local governments to combat inflation and recession;
- customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing macro-economic conditions, levels of employment, salaries and wages, debt obligations, discretionary income, inflationary pressure, declining consumer confidence, and the military conflict in Ukraine and the Middle East;
- the economic and geopolitical ramifications of the military conflict in the Middle East and Ukraine, including sanctions, retaliatory sanctions, nationalism, supply chain disruptions and other consequences, any of which may or will continue to adversely impact our operations and assets, and our research and development activities inside and outside of Russia;
- variations in our product mix, product adoption, and selling prices regionally and globally;
- competition from existing and new competitors;
- declines in, or the slowing of the growth of, sales of our clear aligners and intraoral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
- the timing and availability and cost of raw materials, components, products and other shipping and supply chain constraints and disruptions;
- unexpected or rapid changes in the growth or decline of our domestic and/or international markets;
- 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;
- 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, errors or defects in software or hardware 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;
- expansion of our business and products;
- 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 our systems or networks, including any customer and/or patient data contained therein, for any reason;
- the timing of case submissions from our doctor customers within a quarter as well as an increased manufacturing costs per case;
- foreign operational, political, military and other risks relating to our operations; and
- the loss of key personnel, labor shortages or work stoppages for us or our suppliers.

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, 2022, which was filed with the Securities and Exchange Commission ("SEC") on February 27, 2023, and our latest Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, which was filed with the SEC on August 4, 2023. 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 which may include constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, gross profit, gross margin, operating expenses, income from operations, operating margin, interest income and other income (expense), net, net income before provision for income taxes, provision for income taxes, effective tax rate, net income and/or diluted net income per share, which excludes certain items that may not be indicative of our fundamental operating performance including, foreign currency exchange rate impacts and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. In Q4'22, we changed to a long-term non-GAAP effective tax rate in our computation of the non-GAAP income tax provision to provide better consistency across reporting periods. Our previous methodology for calculating our non-GAAP effective tax rate included certain non-recurring and period-specific items, that produced fluctuating effective tax rates that management does not believe are reflective of the Company's long-term effective tax rate. This new methodology became effective January 1, 2022, and we recast prior periods in 2022. Unless otherwise indicated, when we refer to non-GAAP financial measures they will exclude the effects of stock-based compensation, amortization of certain acquired intangibles, restructuring and other charges, acquisition-related costs, and arbitration award gain, and associated tax impacts.
- Our management believes that the use of certain non-GAAP financial measures provides 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. 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 are 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 as 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 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 herein 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 tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."

16.4M cumulative Invisalign® patients treated, including **4.5M** teens/kids.


Making clear aligner treatment available
for EVERYONE
through DOCTORS

600M

POTENTIAL PATIENTS

through

+2M

DOCTORS

with an
iTero™ scanner at
EVERY CHAIR


align digital platform™
TRANSFORMING SMILES, CHANGING LIVES.
Connect
Scan
Diagnose
Plan
Treat
Monitor
Retain
DOCTORS
CONSUMERS & PATIENTS
DENTAL LABS
invisalign | iTero | exocad | vivera

Align Digital Workflow

Dedicated tools and capabilities for each stage of the treatment journey

Connect

- $200M annual investment in consumer demand
- My Invisalign™ app
- Invisalign SmileView™
- Invisalign® Practice App
- Invisalign® Doctor Locator

Scan

- iTero™ scanners with NIRI technology
- iTero Element™ 5D imaging system with NIRI technology
- iTero™ TimeLapse
- Invisalign® Outcome Simulator Pro
- Invisalign® Photo Uploader

Diagnose

- Align™ Oral Health Suite
- X-Ray Insights
- iTero-exocad Connector
- iTero Element™ 5D imaging system with NIRI technology
- Invisalign® Outcome Simulator Pro

Plan

- ClinCheck® Live Update for 3D Controls
- ClinCheck® Pro 6.0 In-Face Visualization
- Invisalign Smile Architect™
- Invisalign® Personalized Plan
- Cone Beam Computed Tomography ("CBCT") integration feature for ClinCheck® digital tx planning software
- Plan Editor in ClinCheck® tx planning software

Treat

- Invisalign® System
- Invisalign® Practice App
- Enhanced precision wings for Invisalign treatment with mandibular advancement
- Invisalign® Palatal Expander System
- SmartForce® attachment-free aligner activation feature

Monitor

- Invisalign® Virtual Care
- Invisalign® Virtual Care AI
- iTero™ TimeLapse
- My Invisalign™ app

Retain

- Vivera™ retainers
- Invisalign® Professional Whitening System

*Some products or services mentioned in this presentation may not be available in all markets.

ENORMOUS OPPORTUNITY

600M Consumer Opportunity

15M teens

22M Annual ortho starts

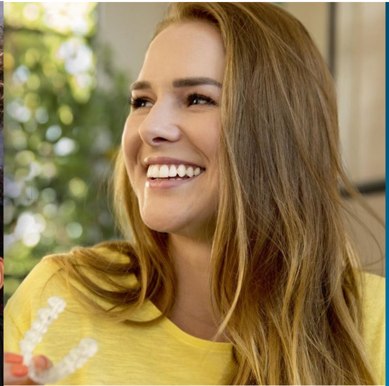
7M adults

INTERNATIONAL EXPANSION

PATIENT DEMAND

ORTHODONTIST UTILIZATION

GP DENTIST TREATMENT



Focused Execution

STRATEGIC GROWTH DRIVERS

Align's unique position and COMPETITIVE ADVANTAGE

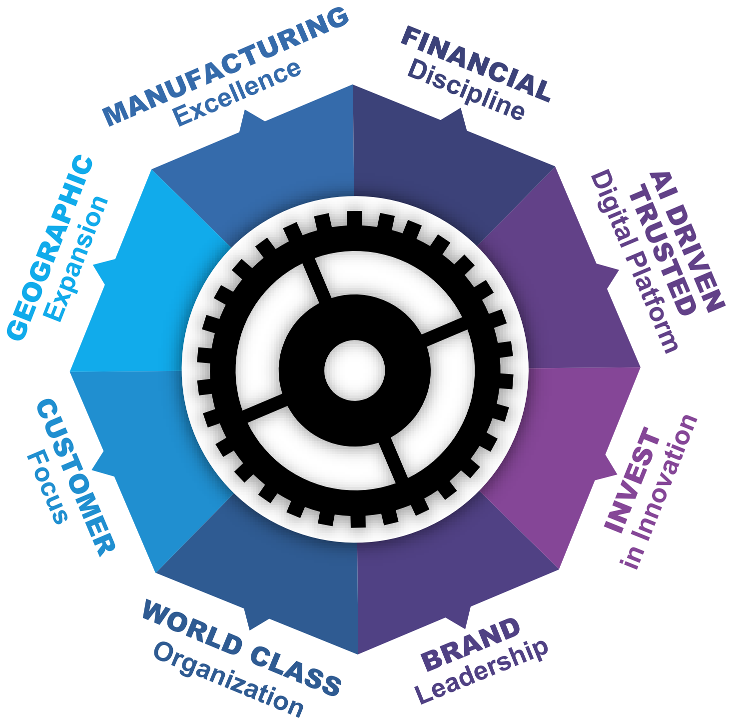
multivariable equation that is very difficult to replicate

MANUFACTURING EXCELLENCE
- > 1M unique clear aligner parts / day
- > 59K treatment plans / day
- Proven & Scalable Technology

GEOGRAPHICAL EXPANSION
- > 100 Markets
- 13 Fab & Treat locations

DIVERSIFIED CUSTOMER BASE
- > 200K Orthos and GP dentists
- 90K+ software installations

STRONG WORKFORCE
- > 2K Specialty Reps
- > 1K+ Engineers
- ~ 12K+ Manufacturing Experts



RELIABLE FINANCIAL RESULTS
- Excellent Top-line & profit growth
- Strong Balance Sheet
- Great cash generation

LEADING DIGITAL PLATFORM
- Strong Digital Technology in ClinCheck® & iTero™ scanners
- Flexible design (integrate exocad)

PRODUCT, TECHNOLOGY, AND IP
- Investing >$400M in technology this year
- Partnership with leading universities
- Healthy Product / Technology pipeline
- > 1.6K+ patents

TOP BRAND FOR ALIGNER & SCANNER
- $200M+ annual brand investment
- > 16.4M+ satisfied patients

align | invisalign | iTero | exocad

Q3 2023 CEO Opening Comments

Our third quarter results reflect lower than expected demand and a more difficult macro environment than we experienced in the first half of 2023. Dental practices and industry research firms have reported deteriorating trends including decreased patient visits and increased patient cancellations, along with fewer orthodontic case starts overall, especially among adult patients.

The September Gaidge report, which reflect more than 1,200 North American Ortho Practices, shows deceleration for orthodontic treatment with new orthodontic patient appointments down 8.7% year over year and ortho case starts down 6.9% year-over-year, -- the biggest decrease in over a year.

Despite these headwinds, total Q3 worldwide revenues of $960 million were up 7.8% year over year with growth across all regions. For Q3, we had record clear aligner shipments to teenage and younger patients, which increased 10% sequentially and 8.4% year over year, driven by continued strength from Invisalign First™.

Q3 year-over-year revenue growth also reflects improvement in APAC, offset by more pronounced summer seasonality in EMEA and North America. Our Q3 systems and services revenues were up 4.9% year-over-year, despite continued challenges for capital equipment, primarily due to higher iTero™ scanner volumes in the Americas and APAC regions reflecting certified pre-owned (“CPO”) sales, scanner leasing and rental programs, as well as increased services revenues.

Q3 Systems and Services revenues were down sequentially, primarily due to a weaker capital equipment cycle as well as lower non-system revenues. This was partially offset by higher scanner volumes in the Americas, reflecting an increased mix of iTero™ 5D Plus scanners including more trade-ins/upgrades from a DSO customer in Q3.

For Q3, total Clear Aligner volumes were down 3.3% sequentially and up 2.3% year over year, primarily reflecting weaker than expected demand for orthodontic treatment especially for adult patients. As I said earlier, despite soft consumer trends, our teen and younger patient business was strong across all regions, up both sequentially and year over year, primarily due to continued adoption of Invisalign First for kids as young as 6.

In terms of Invisalign submitters, the total number of doctors shipped-to for Q3 increased sequentially to approximately 85.2K doctors – the highest number in two years, driven by the Americas and APAC regions. From a channel perspective, orthodontist submitters were up year over year, especially from doctors submitting teenage cases, offset by fewer GP dentists year over year, particularly in the Americas.

On a geographic basis, Q3 clear aligner volumes reflect a sequential increase in Invisalign shipments from the APAC and Latin America regions, as well as North America Invisalign Teenage cases, offset by lower volume and more pronounced softness from summer seasonality in EMEA and North America - primarily Invisalign adult cases.

Q3 2023 Highlights

Q3 2023 Revenues and Operating Margin

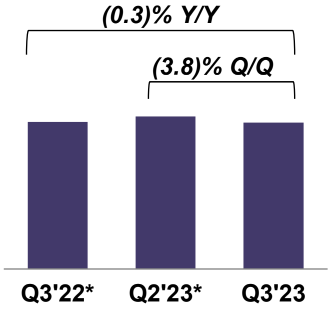
TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
Q3'23	**Q3'23**	**Q3'23**	**Q3'23**
$960.2M	**$165.3M**	**$794.9M**	**$166.3M | 17.3%**
Q/Q (4.2)% Y/Y +7.8%	Q/Q (2.5)% Y/Y +4.9%	Q/Q (4.5)% Y/Y +8.5%	Q/Q +0.1% pt Y/Y +1.2% pts
Q3'22	**Q3'22**	**Q3'22**	**Q3'22**
$890.3M	**$157.5M**	**$732.8M**	**$143.7M | 16.1%**
Q/Q (8.2)% Y/Y (12.4)%	Q/Q (8.0)% Y/Y (11.7)%	Q/Q (8.2)% Y/Y (12.5)%	Q/Q (3.3)% pts Y/Y (9.6)% pts
Q3'23 FX Impact: • Q/Q: ~$2.7M unfavorable impact from FX[1] • Y/Y: ~$4.2M favorable impact from FX[1]	**Q3'23 FX Impact:** • Q/Q: ~$0.7M unfavorable impact from FX[1] • Y/Y: ~$0.4M favorable impact from FX[1]	**Q3'23 FX Impact:** • Q/Q: ~$2.0M unfavorable impact from FX[1] • Y/Y: ~$3.8M favorable impact from FX[1]	**Q3'23 FX Impact:** • Q/Q: ~0.3 pts unfavorable impact from FX[1] • Y/Y: ~0.1 pt unfavorable impact from FX[1]

(1) See table: Unaudited GAAP to Non-GAAP Reconciliation

Q3 2023 Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

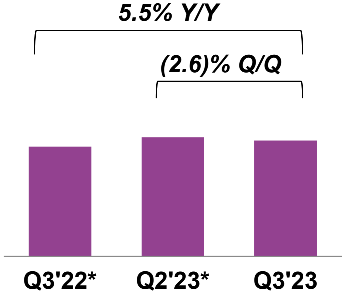


North Americas Utilization**

	Q3'22*	Q2'23*	Q3'23
NA Ortho	27.6	29.2	28.8
NA GP	4.8	5.2	4.9

International Clear Aligner Metrics

International Clear Aligner Shipments

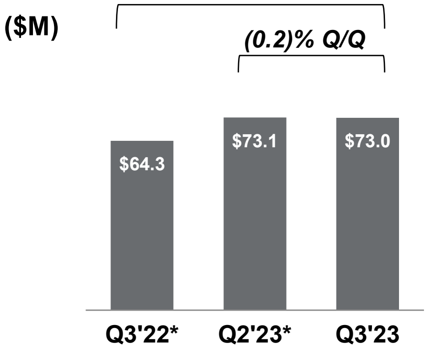


International Utilization**

Q3'22*	Q2'23*	Q3'23
6.0	6.6	6.1

Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues



Non-case revenues include retention products such our Vivera® retainers, clinical training and education, accessories/eCommerce, and our subscription programs such as Invisalign DSP. Q3 non-case revenues was up 13.5% year over year, primarily due to continued growth from Vivera™ retainers, and increased adoption of the Invisalign Doctor Subscription Program ("DSP") our monthly subscription-based clear aligner program.

*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

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

Q3 2023 Invisalign Doctor Subscription Program (DSP) Touch-Up Cases

Invisalign DSP Touch-Up*
compared to Invisalign® Express Products

Up to **10 STAGES** with **ANNUAL SUBSCRIPTION**

Discounted at slightly higher than **ADVANTAGE DIAMOND+ DOCTORS**

Above average **GROSS MARGIN**

	Invisalign Express 5	Invisalign System Express	Invisalign Express 10
List Price	$ 459 - $ 605	$ 569 - $ 749	$ 759 - $ 1,009
Stages	Up to 5	Up to 7	Up to 10

*NA Doctor Subscription Program

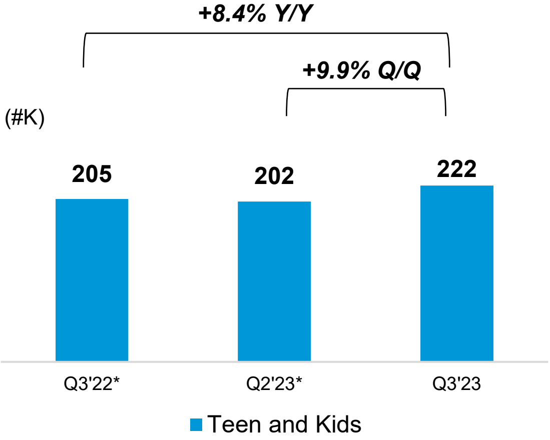
- For Q3, we shipped over 19K Invisalign Doctor Subscription Program ("DSP") cases, primarily in North America, an increase of more than 70% year over year from Q3'22.
- Invisalign DSP continues to be well received by our customers and is currently available in the U.S., Canada, Iberia, and the Nordics.
- We are excited that Invisalign DSP is proving helpful to doctors and their patients. We are continuing to expand the program in EMEA as well as with certain DSO partners in Q4.

- NOTE: As of Q3'23, Invisalign DSP touch-up cases have been reclassified to the non-comprehensive clear aligner segment and are now reflected in our reported case volumes and metrics. Prior to this quarter, they were reported in the non-Case category. Unless otherwise stated, all metrics include Invisalign DSP "touch-up" cases in reported clear aligner volumes.

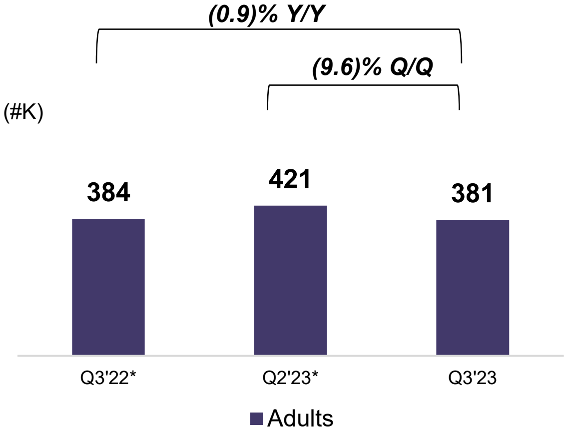
4.5M Teens and Kids treated with the Invisalign® System, to date

- For Q3, we had record clear aligner shipments to teenage and younger patients, which increased 10% sequentially and 8.4% year over year to a record 222 thousand cases, driven by continued strength from Invisalign First™.

Teens/Kids Clear Aligner Shipments



Adult Clear Aligner Shipments



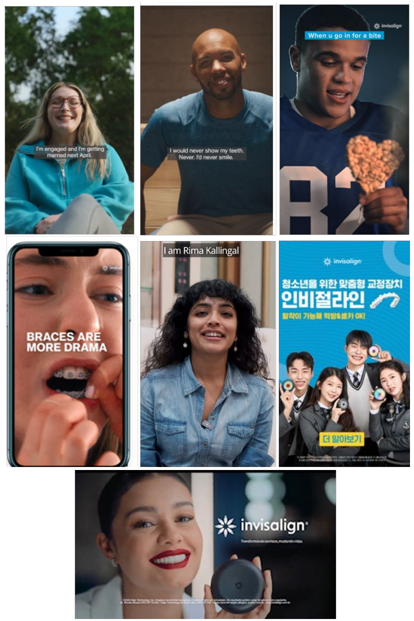
*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

* Data on file at Align Technology.

Invisalign® is the Most Trusted Brand in Orthodontics

Q3 2023 Consumer Demand Creation

- It is important we continue to create demand for Invisalign clear aligners, especially given macro-economic pressures on doctors and their patients.
- To increase awareness and educate young adults, parents and teens about the benefits of the Invisalign brand, we continued to invest and create campaigns in top media platforms such as TikTok, Instagram, YouTube, SnapChat, WeChat, and Douyin across markets.
- **The underlying market opportunity for clear aligner treatment, especially for teens and kids,** remains huge and significantly underpenetrated. We know Invisalign clear aligner treatment is faster and more effective than braces, yet the vast majority of orthodontic cases are still treated using brackets and wires.
- **Differentiation is key to increasing Invisalign share of orthodontic case starts** – especially among teens and their parents. We are continuing to differentiate through novel campaigns such as our new "Invis is Drama Free" teen campaign -- which uses humor to juxtapose the significant benefits of Invisalign treatment over metal braces.
- Similarly, to differentiate Invisalign treatment for adults, we launched new campaigns globally using powerful patient stories that share how important a smile is and how Invisalign treatment increases self-confidence that transforms lives.

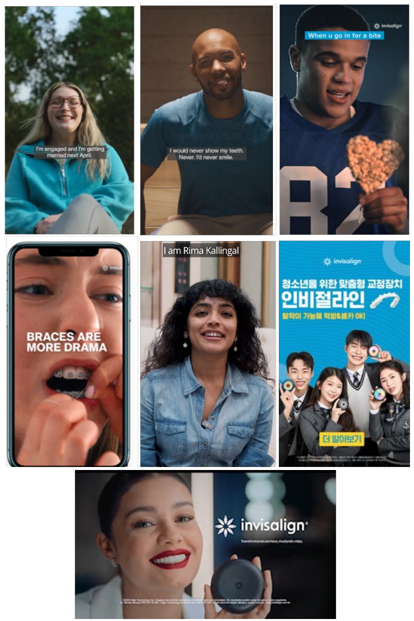


11.1B	27.7M
Impressions	Website Visits

Invisalign® Influencers

Q3 2023 Consumer Demand Creation

- Reaching young adults as well as teens and their parents also requires the right engagement through Invisalign influencers and creator-centric campaigns, which delivered 5.8B impressions in the Americas in Q3. Creators such as Michael Cimino, Jaylyn Hall, NFL player Darren Waller, and Leilani Green shared their results and why they chose to transform their smiles with Invisalign aligners.
- In the EMEA region, we partnered with influencers to reach consumers across social media platforms including TikTok and Meta and launched our global consumer campaigns for teens and parents of teens highlighting the benefits of Invisalign treatment vs. braces. In Germany, we continued to see positive engagement from our patient testimonial campaigns launched in the previous quarter. Our consumer campaigns delivered more than 1.4B media impressions and 6.9M visitors to our website.
- We continued to invest in consumer advertising across the APAC region, resulting in more than 3.9B impressions and 11.9M visitors to our websites in the quarter. We expanded our reach in Japan and India via Meta and YouTube and partnered with key influencers to reach consumers across social media. We saw increased brand interest from consumers as evidenced by an 816% Y/Y increase in unique visitors to our website in India and a 135% increase in Japan.
- Finally, digital tools such as My Invisalign Consumer and Patient app continued to increase with 3.4M+ downloads to-date and over 367K monthly active users, representing 19% Y/Y growth.



Q3 2023 Connecting consumers with Invisalign® doctors

Delivering a best-in-class experience to achieve a happy and healthy smile through doctors

Q3 2023 Invisalign® Brand Consumer Concierge

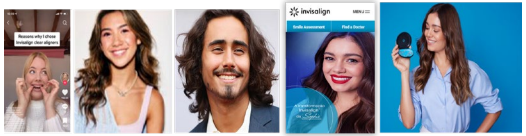
- The Invisalign® Brand Consumer Concierge service teams have connected **~180K** potential consumers with Invisalign doctors and reached **~5.3M** consumers globally. The Invisalign Brand Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain
- The Invisalign Brand Consumer Concierge service teams are located in the U.S., Brazil, Singapore, the Philippines, China, Australia, the UK, Poland, Bulgaria, Saudi Arabia, United Arab Emirates, and Germany

~5.3M	+615K	~180K
Consumers contacted	Consultations scheduled	Invisalign cases started

Q3 2023 Invisalign® Brand Consumer Marketing

Americas

8.9M	5.8B
Website Visitors	Impressions

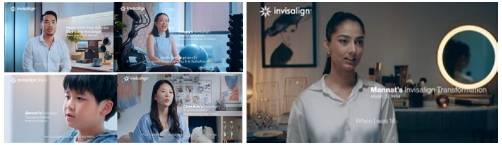


EMEA

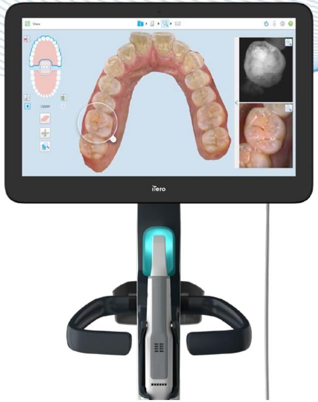
6.9M	1.4B
Website Visitors	Impressions

APAC

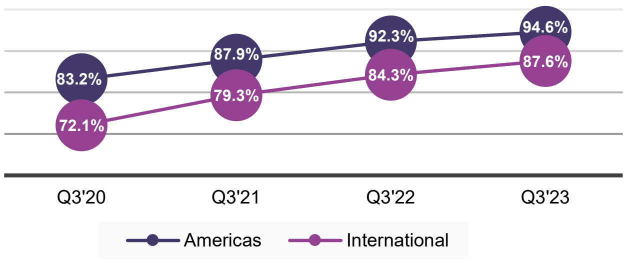
11.9M	3.9B
Website Visitors	Impressions



Q3 2023 Systems and Services segment

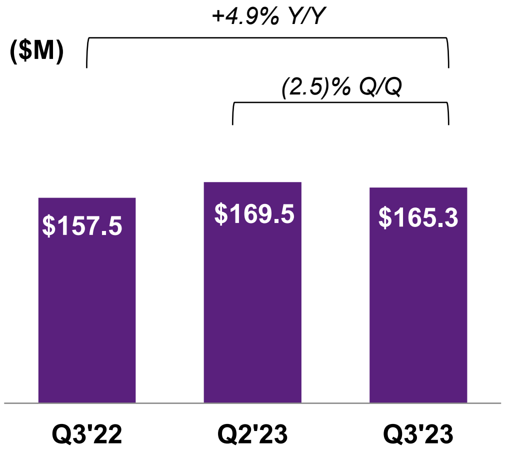


Intraoral digital scans for Invisalign® case submission



Imaging Systems and CAD/CAM Services

Systems and Services Revenues

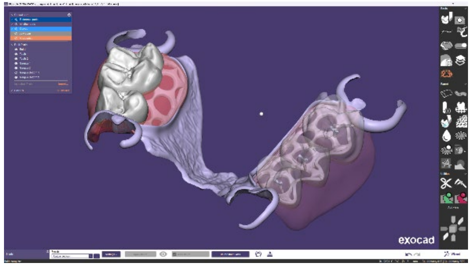


Invisalign® scans reflects digital scans for new Invisalign® treatment. Data on file at Align Technology
The iTero Element™ 2 and the iTero Element™ Flex intraoral scanners are currently available in the U.S., Canada, China, and majority of EMEA and APAC markets. The iTero Element™ 5D imaging system is available in the U.S., Canada, China, and the majority of EMEA and select APAC and LATAM markets

Q3 2023 exocad Highlights

exocad releases *PartialCAD 3.1 Rijeka* with improved usability and functionality

- The new release enhances digital CAD/CAM capabilities **for partial denture design** and provides simpler workflows for complex cases.
- With **22 new functionalities**, many improvements and new workflows, *PartialCAD 3.1 Rijeka* advances the design and customization features for partials.
- The new release also offers **reverse planning functionality and improved integration with *DentalCAD***, exocad's leading software for dental laboratories and clinics.



exocad launches software licenses for students

- The new program supports universities worldwide in **integrating digital dentistry into their curriculum**. Students are given much easier and affordable access to the worldwide leading CAD software.
- **Dental students** can practice and learn exocad software workflows at home and combine the tools with their university **education.**

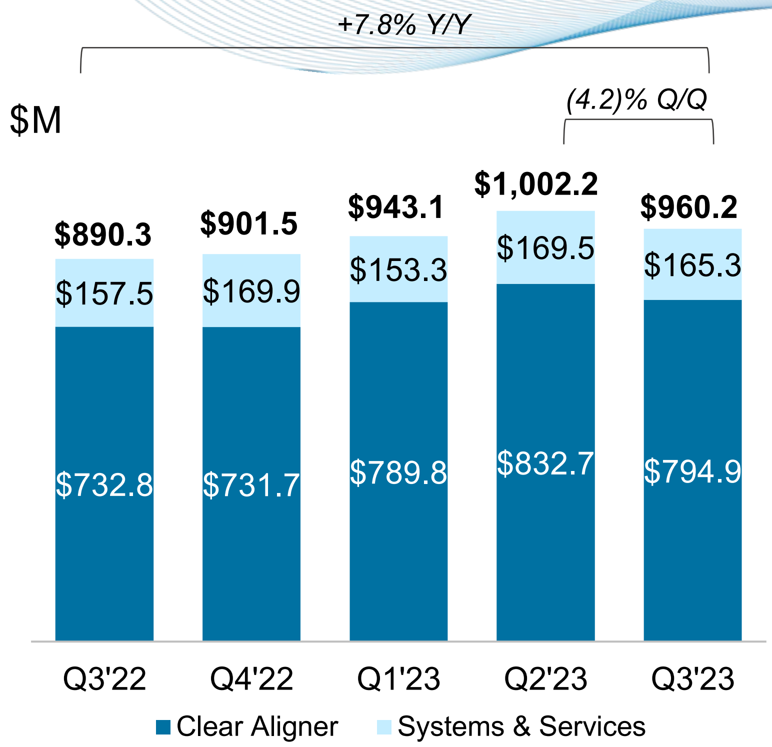
ChairsideCAD software receives "CELLERANT BEST OF CLASS TECHNOLOGY AWARD"

- *ChairsideCAD*, exocad's easy-to-use CAD software for single-visit dentistry, received a 2023 **Best of Class Technology Award from Cellerant Consulting Group**
- This is the **fifth consecutive year** that a panel of technology leaders in dentistry has selected *ChairsideCAD* for this award.

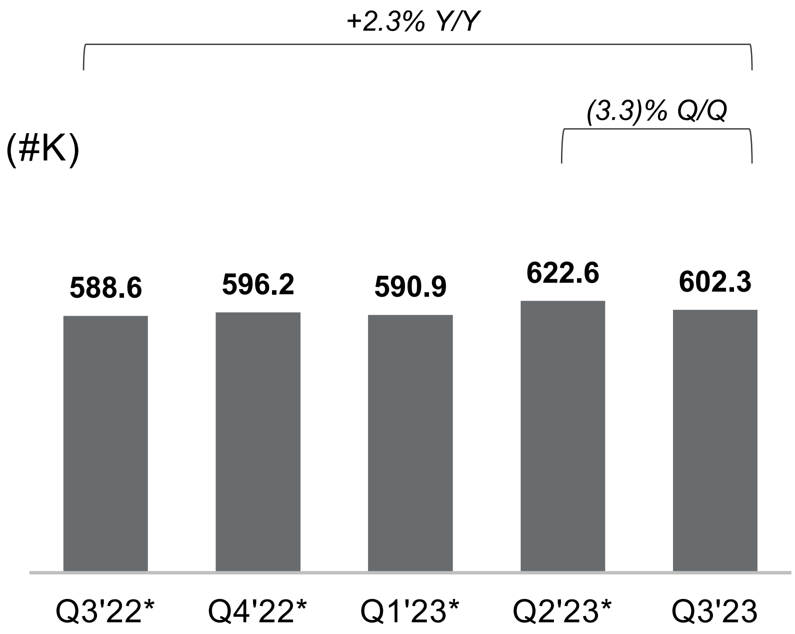
Q3 2023 Financial Review

Trended Revenues and Volumes

Q3’23 highlights



Q3’23 Clear Aligner Case Volume



*As of Q3’23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

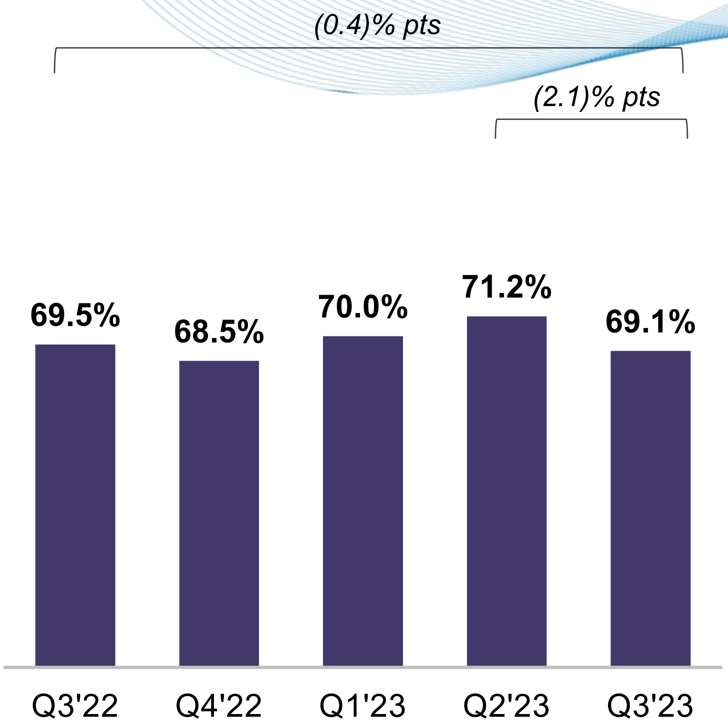
Q3 2023 Financial Summary Commentary

- **Q3'23 Total revenues of $960.2M, (4.2)% Q/Q and +7.8% Y/Y**
  - Q/Q, Q3'23 revenues were unfavorably impacted by FX of ~$2.7M*
  - Y/Y, Q3'23 revenues were favorably impacted by FX of ~$4.2M*
- **Q3'23 Clear Aligners revenues of $794.9M, (4.5)% Q/Q and +8.5% Y/Y**
  - Q/Q, Q3'23 decrease primarily from lower volumes and lower ASPs
  - Y/Y, Q3'23 increase primarily due to higher ASPs, higher volumes, and higher non-case revenues
  - Q/Q, Q3'23 revenues were unfavorably impacted by FX of ~$2.0M or ~0.3%*
  - Y/Y, Q3'23 revenues were favorably impacted by FX of ~$3.8M or ~0.5% Y/Y*
- **Q3'23 Invisalign® ASPs for comprehensive treatment decreased Q/Q and increased Y/Y**
  - Q/Q, the decrease in Q3'23 ASPs reflect larger discounts, product mix shift to lower priced products, and unfavorable FX, partially offset by higher additional aligners
  - Y/Y, the increase in Q3'23 ASPs reflects higher additional aligners and price increases, partially offset by larger discounts and unfavorable product mix shift
- **Q3'23 Invisalign® ASPs for non-comprehensive treatment decreased Q/Q and increased Y/Y**
  - Q/Q, the decrease in Q3'23 ASPs reflects larger discounts, higher sales credits, and unfavorable product mix shift, partially offset by higher additional aligners and favorable FX
  - Y/Y, the increase in Q3'23 ASPs reflects price increases, higher additional aligners, and favorable FX, partially offset by product mix shift
- **Q3'23 Systems and Services revenues of $165.3M, (2.5)% Q/Q and +4.9% Y/Y**
  - Q/Q, decrease mostly due to unfavorable ASPs, and lower revenues from our CPO program, partially offset by higher scanner volume and higher services revenues
  - Y/Y, increase due to higher scanner volume, higher services revenues from our larger base of scanners sold, and higher revenues from our CPO and leasing/rental programs, partially offset by unfavorable ASPs
  - Q/Q, Q3'23 revenues were unfavorably impacted by FX of ~$0.7M or ~0.4%*
  - Y/Y, Q3'23 revenues were favorably impacted by FX of ~$0.4M or ~0.3%*

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Trended GAAP Gross Margins

Q3’23 highlights



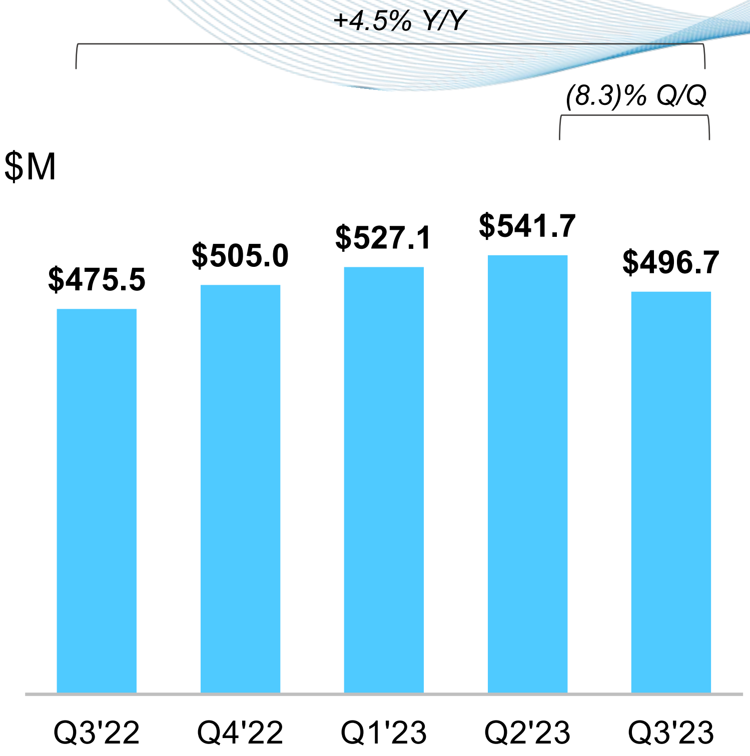
- Overall Q3'23 gross margin was 69.1%, (2.1) pts Q/Q and (0.5) pts Y/Y
  - Q/Q, overall gross margin was unfavorably impacted by FX of ~0.1 pt
  - Y/Y, overall gross margin was favorably impacted by FX of ~0.1 pt
- Q3'23 Clear Aligner gross margin was 70.7%
  - (1.7) pts Q/Q primarily from higher manufacturing spend and a higher mix of additional aligner volume and lower ASPs
  - (0.2) pts Y/Y primarily due to increased manufacturing spend as we continue to ramp up operations at our new manufacturing facility in Poland, partially offset by higher ASPs
- Q3'23 Systems and Services gross margin was 61.0%
  - (4.1) pts Q/Q primarily from lower ASPs, partially offset by favorable manufacturing variances, lower service and freight costs, and higher services revenues
  - (2.3) pts Y/Y primarily from lower ASPs, partially offset by favorable manufacturing variances, lower service and freight costs, favorable FX, and higher service revenues

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total

Trended GAAP Operating Expense

Q3’23 highlights

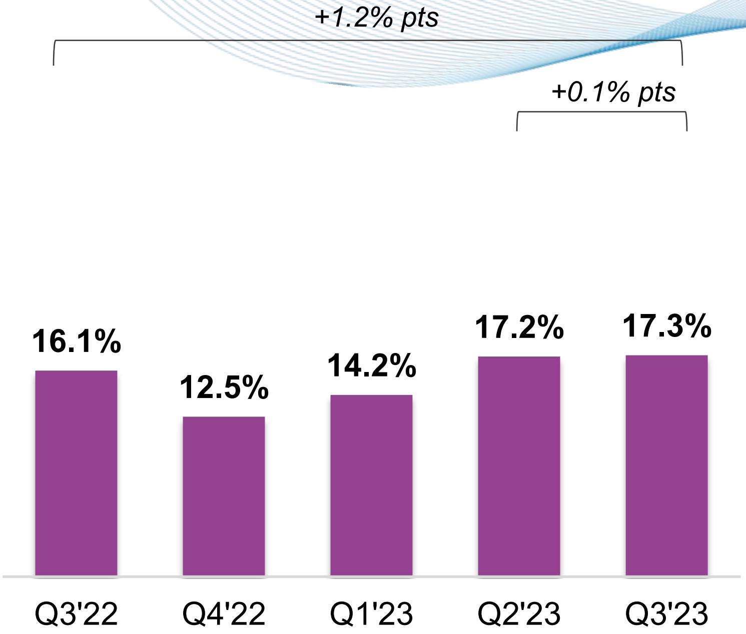


- Q3'23 Operating expenses were $496.7M, (8.3)% Q/Q and +4.5% Y/Y
  - Q/Q, Q3'23 operating expenses ($44.9)M, primarily from lower consumer marketing spend and lower incentive compensation
  - Y/Y, Q3'23 operating expenses +21.2M, primarily due to higher incentive compensation and our continued investments in sales and R&D activities, partially offset by controlled spending on advertising and marketing as a part of our efforts to proactively manage costs
  - On a non-GAAP basis, excluding stock-based compensation and amortization of acquired intangibles related to certain acquisitions, Q3'23 operating expenses were $458.2M, (9.3)% Q/Q and +3.3% Y/Y

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total
See reconciliation of GAAP to Non-GAAP

GAAP Operating Margin and Earnings Per Share Trends

Q3’23 highlights



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Diluted Earnings Per Share	**$0.93**	**$0.54**	**$1.14**	**$1.46**	**$1.58**

- Q3'23 Operating income of $166.3M resulted in an Q3'23 operating margin of 17.3%,+0.1 pts Q/Q and +1.2 pts Y/Y.
  - Q3'23 Q/Q decrease primarily attributable to unfavorable impact from FX by ~0.3 pts*.
  - Q3'23 Y/Y increase in operating margin is primarily attributable to operating leverage partially offset by investments in our go-to-market teams and technology as well as unfavorable impact from FX by ~0.1 point*
  - On a non-GAAP basis, which excludes stock-based compensation, amortization of intangibles related to certain acquisitions, offset by restructuring and other charges, Q3'23 operating margin was 21.8%, +0.5 pts Q/Q and +1.6 pts Y/Y.
- Q3'23 Interest and other income & expense, net was a loss of $4.2M compared to a loss of $0.3M in Q2'23 and a loss of $21.0M in Q3'22, primarily due to FX.
- The GAAP effective tax rate in Q3'23 was 25.1%, lower than Q2'23 effective tax rate of 34.8%, and lower than Q3'22 effective tax rate of 40.7%.
- Q3'23 GAAP effective tax rate was lower than Q2'23 effective tax rate primarily due to the application of newly issued tax guidance and lower U.S. taxes on foreign earnings in Q3.
- As a reminder, in Q4'22 we changed our methodology for the computation of our non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022, and recast previously reported quarterly periods in 2022.
- Our non-GAAP effective tax rate in Q3'23 was 20.0%, reflecting the change in our methodology
- Q3'23 net income per diluted share was $1.58, up Q/Q $0.12 and up $0.65 compared to the prior year. Our Q3'23 EPS was unfavorably impacted by $0.08 on a Q/Q basis and unfavorably impacted by $0.05 on a Y/Y basis due to FX. On a non-GAAP basis, Q3'23 net income per diluted share was $2.14, down $0.08 Q/Q and up $0.51 Y/Y. Note that the prior year 2022 non-GAAP net income and our prior year 2022 non-GAAP EPS reflects the Q4’22 change in our methodology for the computation of the non-GAAP effective tax rate.

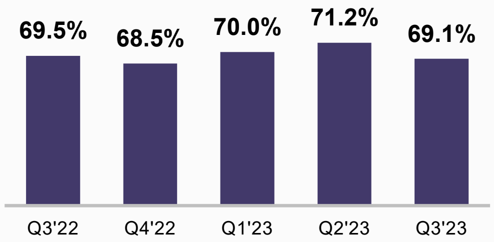
*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total

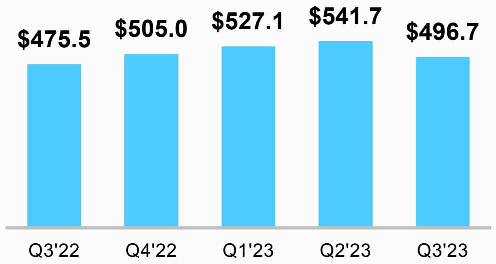
Trended Quarterly Financials

GAAP

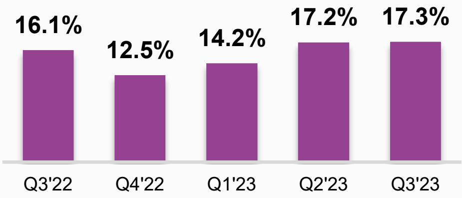
Gross Margin %



Operating Expense ($M)



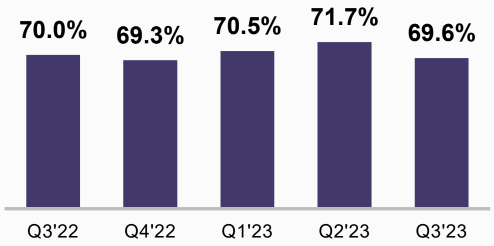
Operating Margin % & EPS



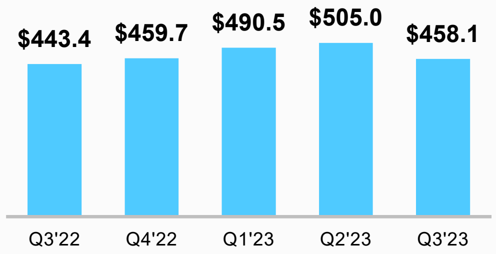
Diluted Earnings Per Share	$0.93	$0.54	$1.14	$1.46	$1.58

Non-GAAP

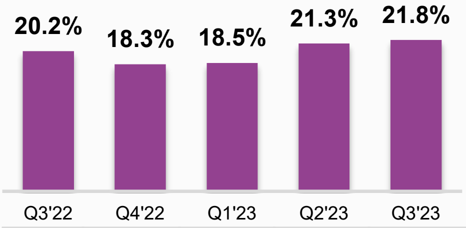
Gross Margin %



Operating Expense ($M)



Operating Margin % & EPS

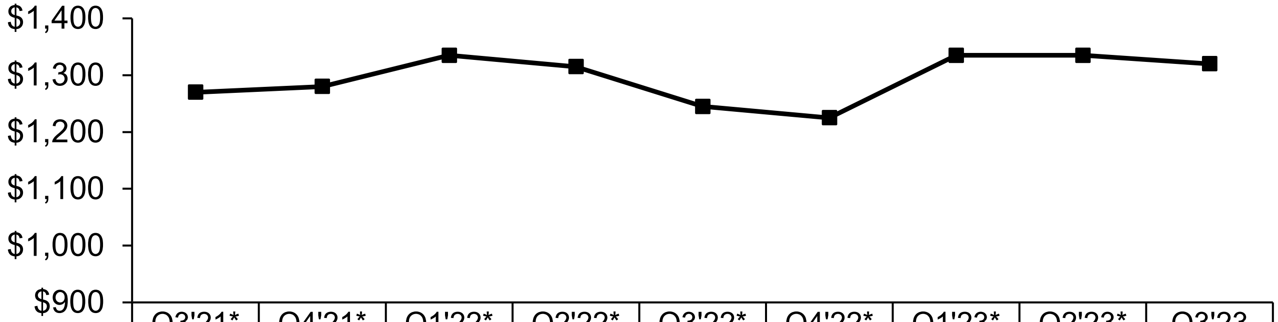


Diluted Earnings Per Share	$1.63	$1.73	$1.82	$2.22	$2.14

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q3 2023 Clear Aligner Revenue Per Case Shipment

Clear Aligner Revenue Per Case Shipment



	Q3'21*	Q4'21*	Q1'22*	Q2'22*	Q3'22*	Q4'22*	Q1'23*	Q2'23*	Q3'23
Worldwide ASP	$1,270	$1,280	$1,335	$1,315	$1,245	$1,225	$1,335	$1,335	$1,320

- **Average Selling Price ("ASP"):** Clear aligner revenues / Case shipments

*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

Balance Sheet, Cash Flow, & Stock

($ in millions except for DSO)	Q3'22	Q2'23	Q3'23
Accounts Receivables, net	$859.6	$908.4	**$904.2**
DSO	86 days	81 days	**84 days**
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	$1,141.0	$1,033.8	**$1,301.9**
Cash Flow from Operations	$266.5	$251.8	**$287.2**
Capital Expenditures	$(75.3)	$(58.5)	**$(21.6)**
Free Cash Flow*	$191.1	$193.3	**$265.6**

**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

- Of our $1.3 billion balance, $381.3M was held in the U.S. and $920.6M was held by our international entities
- During Q1'23, we announced that our Board of Directors authorized a new $1.0 Billion Stock Repurchase Program to succeed the 2021 $1 billion program. Currently $1.0B remains available for repurchase under the 2023 Stock Repurchase Program
- During Q4'23, we expect to repurchase up to $250.0 million of our common stock through either, or a combination of, open market repurchases, or an accelerated stock repurchase agreement
- During the quarter, we announced a definitive agreement to acquire privately held Cubicure GmbH, for approximately €79 million subject to customary closing adjustments and adjustments for Align's existing ownership of capital stock of Cubicure. The acquisition is expected to close in Q4 2023 or early 2024
- Clear Aligner deferred revenues on the balance sheet +$14.1M or +1.1% Q/Q and +$116.0M or +9.9% Y/Y and will be recognized as the additional aligners are shipped
- Systems and Services deferred revenues on the balance sheet was -$4.4M or (1.6)% Q/Q primarily due to the decrease in the deferral of service revenues included with scanner purchases, and essentially flat or +$0.1M or +0.1% Y/Y. Services deferred revenues will be recognized ratably over the service period

Closing Comments

Q4 and Fiscal 2023 Outlook

Q4'23 Clear Aligner and Scanner & Services

- For Q4'23, assuming no circumstances occur that are beyond our control, we anticipate our WW Revenue to be in the range of $920M to $940M, down sequentially from Q3'23.
- We expect both Clear Aligner and Systems and Services Revenues to be down sequentially reflecting a more challenging macro-economic environment for doctors and patients with fewer orthodontic case starts overall; unfavorable FX given the strengthening of the US dollar against key currencies; and longer sales cycles for capital equipment purchases.
- For our Clear Aligner business, we expect clear aligner teen volume to be seasonally lower in Q4’23, and we don’t anticipate improvement in adult volumes. For Q4’23, we also expect clear aligner ASPs to be down sequentially primarily due to the strengthening US dollar.
- For our Systems and Services business, we anticipate increasing headwinds from macro uncertainty, and potential supply issues related to the war in the Middle East.
- We expect our Q4’23 GAAP operating margin to be down sequentially from Q3’23 due to restructuring primarily related to severance, as we adjust headcount for this environment. We anticipate our Non-GAAP operating margin to be up sequentially from Q3’23.

Q4'23 Stock Repurchase

- During Q1’23, we announced that our Board of Directors authorized a new $1.0 Billion Stock Repurchase Program to succeed the 2021 $1 billion program. Currently $1.0B remains available for repurchases under the 2023 Stock Repurchase Program.
- During Q4'23, we expect to repurchase up to $250 million of our common stock through either, or a combination of, open market repurchases, or an accelerated stock repurchase agreement.

Fiscal 2023

- For full year 2023, assuming no circumstances occur that are beyond our control, we anticipate our 2023 WW Revenue to be in the range of $3.83B to $3.85B.
- We also expect our full year 2023 GAAP operating margin to be roughly 1-point lower than 2022 and our 2023 Non-GAAP operating margin to be slightly above 21%.
- For 2023, we expect investments in capital expenditures to be approximately $200M. Capital expenditures are expected to primarily relate to building construction and improvements as well as manufacturing capacity in support of our continued international expansion.

Q3 2023 Earnings Call CEO Closing commentary

- While our third quarter results and fourth quarter outlook reflect weaker consumer sentiment and increased headwinds, including foreign exchange, Align is in a unique position to continue driving the digital revolution in the dental industry and help doctors transform and grow their practices with Invisalign® clear aligners, iTero™ scanners, and the Align Digital Platform™.
- We are very excited about recent innovations developed to further revolutionize digital treatment planning for orthodontics and restorative dentistry by providing doctors with greater flexibility, real-time treatment plan modification capabilities and digital solutions to help improve practice productivity and patient experience – which are even more important to our customers in the current environment. This includes ClinCheck® Live Update for 3D controls, Invisalign® Practice App, Invisalign® Personalized Plan ("IPP"), and Invisalign Smile Architect™, iTero-exocad Connector™, Invisalign® Outcome Simulator Pro, and Invisalign® Virtual Care AI software.
- These digital tools are continuing to gain adoption and help doctors gain efficiencies. In Q3, ClinCheck® Live Update was used by 41K doctors on more than 560K cases, reducing time spent in modifying treatment by 21%. Invisalign® Practice app is now actively used by 86.8K doctors with over 5.2M photos uploaded during the quarter via the Practice app.
- In addition, we will launch the Invisalign® Palatal Expander ("IPE") System in Canada this quarter. IPE is our first direct 3D printed orthodontic device that provides a safe, comfortable, and clinically effective alternative to metal palatal expanders and boosts our market opportunity in the teen market by addressing a portion of cases we couldn't otherwise treat without IPE.
- In summary, we are committed to balancing our investments in near- and long-term growth drivers while delivering improvement in operating margin. As we navigate one of the most challenging operating environments in recent history, with increasing macro-economic pressure on doctors and their patients, we have an enormous opportunity to continue driving adoption of digital orthodontics and restorative dentistry, and a responsibility to optimize our investments for the current environment.
- Before turning the call over for questions, I'd like to address the war in the Middle East and our iTero scanner business. The situation continues to evolve and is very fluid, and we are monitoring developments closely. Our singular focus at this stage is on the safety and security of our employees and their families and our doctors, their staff and patients. Align offices and scanner manufacturing facility in Israel are currently open and operating. While we hope that the situation will improve, we are preparing mitigation plans to ensure business continuity and will update our customers and other stakeholders as needed.

+26 YEARS

From appliance to platform

Revenue Y/Y%
LTM 20% - 30%

2001–2023
+23%

1997 – 2006
- Invisalign® clear aligners
- ClinCheck® software
- Attachments
- 3D Printing SLA

2007 – 2012
- Force system biomechanics
- G-Series
- Vivera™ retainers
- Teen product
- SmartForce™ features
- ClinCheck® Pro
- iTero™ intraoral scanners

2013 – 2016
- SmartTrack™ material
- Biteramps
- Invisalign® Outcome Simulator
- SmartStage™ technology
- iTero Element™ scanner
- Mandibular advancement

2017 – 2023
- Invisalign First™
- My Invisalign™ app
- iTero Element™ 5D imaging system NIRI
- ClinCheck® Pro 6
- exocad™ lab software
- Invisalign® Virtual Care
- Professional Whitening
- Subscription
- E-Commerce
- Diagnostics
- Invisalign® Practice App
- Invisalign Smile Architect™
- Invisalign® Virtual Care AI
- Enhanced precision wings for Invisalign treatment with mandibular advancement
- Invisalign® Palatal Expander System
- SmartForce™ attachment-free aligner activation feature
- Plan Editor in ClinCheck® treatment planning software
- Align Oral Health Suite™

● Software ● New products ● Services

*CAGR based on mid-point of revenue guidance for the full year 2023, as of July 26th, 2023

Transforming

changing lives

Appendix

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Net Revenues

Note:

1) We define constant currency net revenues as total net revenues excluding the effect of foreign exchange rate movements and use it to determine the percentage for the constant currency impact on net revenues on a sequential and year-over-year basis. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues. The percentage for the constant currency impact on net revenues is calculated by dividing the constant currency impact in dollars (numerator) by constant currency net revenues in dollars (denominator).

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION
CONSTANT CURRENCY NET REVENUES
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended		
	September 30, 2023	June 30, 2023	Impact % of Revenue
GAAP net revenues	$ 960,214	$ 1,002,173	
Constant currency impact [1]	2,720		0.3 %
Constant currency net revenues [1]	$ 962,934		
GAAP Clear Aligner net revenues	$ 794,939	$ 832,674	
Clear Aligner constant currency impact [1]	2,002		0.3 %
Clear Aligner constant currency net revenues [1]	$ 796,941		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 165,275	$ 169,499	
Imaging Systems and CAD/CAM Services constant currency impact [1]	718		0.4 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 165,993		

Year-over-year constant currency analysis:

	Three Months Ended September 30,		
	2023	2022	Impact % of Revenue
GAAP net revenues	$ 960,214	$ 890,348	
Constant currency impact [1]	(4,181)		(0.4)%
Constant currency net revenues [1]	$ 956,033		
GAAP Clear Aligner net revenues	$ 794,939	$ 732,837	
Clear Aligner constant currency impact [1]	(3,763)		(0.5)%
Clear Aligner constant currency net revenues [1]	$ 791,176		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 165,275	$ 157,511	
Imaging Systems and CAD/CAM Services constant currency impact [1]	(418)		(0.3)%
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 164,857		

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Gross Profit and Gross Margin

Note:

1) We define constant currency gross margin as constant currency gross profit as a percentage of constant currency net revenues. Gross margin constant currency impact is the increase or decrease in constant currency gross margin compared to the GAAP gross margin.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED
CONSTANT CURRENCY GROSS PROFIT AND GROSS MARGIN
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended	
	September 30, 2023	June 30, 2023
GAAP gross profit	$ 663,076	$ 713,609
Constant currency impact on net revenues	2,720	
Constant currency gross profit	$ 665,796	

	Three Months Ended	
	September 30, 2023	June 30, 2023
GAAP gross margin	69.1 %	71.2 %
Gross margin constant currency impact [1]	0.1	
Constant currency gross margin [1]	69.1 %	

Year-over-year constant currency analysis:

	Three Months Ended September 30,	
	2023	2022
GAAP gross profit	$ 663,076	$ 619,169
Constant currency impact on net revenues	(4,206)	
Constant currency gross profit	$ 658,870	

	Three Months Ended September 30,	
	2023	2022
GAAP gross margin	69.1 %	69.5 %
Gross margin constant currency impact [1]	(0.1)	
Constant currency gross margin [1]	68.9 %	

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Income from Operations and Operating Margin

Notes:

1) We define constant currency income from operations as GAAP income from operations excluding the effect of foreign exchange rate movements for GAAP net revenues and operating expenses on a sequential and year-over-year basis. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues and operating expenses using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues and operating expenses.

2) We define constant currency operating margin as constant currency income from operations as a percentage of constant currency net revenues. Operating margin constant currency impact is the increase or decrease in constant currency operating margin compared to the GAAP operating margin.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED
CONSTANT CURRENCY INCOME FROM OPERATIONS AND OPERATING MARGIN
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended	
	September 30, 2023	June 30, 2023
GAAP income from operations	$ 166,346	$ 171,931
Income from operations constant currency impact [1]	3,191	
Constant currency income from operations [1]	$ 169,537	

	Three Months Ended	
	September 30, 2023	June 30, 2023
GAAP operating margin	17.3 %	17.2 %
Operating margin constant currency impact [2]	0.3	
Constant currency operating margin [2]	17.6 %	

Year-over-year constant currency analysis:

	Three Months Ended September 30,	
	2023	2022
GAAP income from operations	$ 166,346	$ 143,656
Income from operations constant currency impact [1]	687	
Constant currency income from operations [1]	$ 167,033	

	Three Months Ended September 30,	
	2023	2022
GAAP operating margin	17.3 %	16.1 %
Operating margin constant currency impact [2]	0.1	
Constant currency operating margin [2]	17.5 %	

Unaudited GAAP to Non-GAAP Reconciliation Financial Measures Other Than Constant Currency

Notes:

1) Amortization of intangible assets related to certain acquisitions.

2) Restructuring and other charges recorded in Gross Profit and Operating expenses primarily relate to severance costs, lease termination charges and asset impairments.

3) In Q4'22, we changed our methodology for the computation of the non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022, and recast previously reported quarterly periods in 2022.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED
FINANCIAL MEASURES OTHER THAN CONSTANT CURRENCY
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP gross profit	$ 663,076	$ 619,169	$2,037,339	$2,016,074
Stock-based compensation	1,974	1,651	5,682	4,779
Amortization of intangibles (1)	2,825	2,644	8,409	7,524
Restructuring charges (2)	—	—	(8)	—
Non-GAAP gross profit	$ 667,875	$ 623,464	$2,051,422	$2,028,377
GAAP gross margin	69.1 %	69.5 %	70.1 %	71.2 %
Non-GAAP gross margin	69.6 %	70.0 %	70.6 %	71.6 %
GAAP total operating expenses	$ 496,730	$ 475,513	$1,565,546	$1,486,140
Stock-based compensation	(37,628)	(31,267)	(109,515)	(93,900)
Amortization of intangibles (1)	(885)	(825)	(2,631)	(2,607)
Restructuring and other charges (2)	—	—	300	—
Non-GAAP total operating expenses	$ 458,217	$ 443,421	$1,453,700	$1,389,633
GAAP income from operations	$ 166,346	$ 143,656	$ 471,793	$ 529,934
Stock-based compensation	39,602	32,918	115,197	98,679
Amortization of intangibles (1)	3,710	3,469	11,040	10,131
Restructuring and other charges (2)	—	—	(308)	—
Non-GAAP income from operations	$ 209,658	$ 180,043	$ 597,722	$ 638,744
GAAP operating margin	17.3 %	16.1 %	16.2 %	18.7 %
Non-GAAP operating margin	21.8 %	20.2 %	20.6 %	22.5 %
GAAP total interest income and other income (expense), net	$ (4,235)	$ (21,015)	$ (3,469)	$ (46,198)
Arbitration award gain (5)	—	—	—	—
Non-GAAP total interest income and other income (expense), net	$ (4,235)	$ (21,015)	$ (3,469)	$ (46,198)
GAAP net income before provision for income taxes	$ 162,111	$ 122,641	$ 468,324	$ 483,736
Stock-based compensation	39,602	32,918	115,197	98,679
Amortization of intangibles (1)	3,710	3,469	11,040	10,131
Restructuring and other charges (2)	—	—	(308)	—
Non-GAAP net income before provision for income taxes	$ 205,423	$ 159,028	$ 594,253	$ 592,546
GAAP provision for income taxes	$ 40,684	$ 49,941	$ 147,285	163,938
Tax impact on non-GAAP adjustments (3)	418	(18,136)	(28,417)	(45,429)
Non-GAAP provision for income taxes (3)	$ 41,102	$ 31,805	$ 118,868	$ 118,509
GAAP effective tax rate	25.1 %	40.7 %	31.4 %	33.9 %
Non-GAAP effective tax rate (3)	20.0 %	20.0 %	20.0 %	20.0 %
GAAP net income	$ 121,427	$ 72,700	$ 321,039	$ 319,798
Stock-based compensation	39,602	32,918	115,197	98,679
Amortization of intangibles (1)	3,710	3,469	11,040	10,131
Restructuring and other charges (2)	—	—	(308)	—
Tax impact on non-GAAP adjustments (3)	(418)	18,136	28,417	45,429
Non-GAAP net income (3)	$ 164,321	$ 127,223	$ 475,385	$ 474,037
GAAP diluted net income per share	$ 1.58	$ 0.93	$ 4.18	$ 4.07
Non-GAAP diluted net income per share (3)	$ 2.14	$ 1.63	$ 6.19	$ 6.03
Shares used in computing diluted net income per share	76,826	78,237	76,849	78,652

Fiscal 2023 Outlook – GAAP to Non-GAAP Reconciliation

Note:

1) Amortization of intangible assets related to certain acquisitions.

2) Restructuring charges primarily related to severance.

ALIGN TECHNOLOGY, INC.
Q4 2023 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

	Three Months Ended December 31, 2023
GAAP operating margin	less than 17.3%
Stock-based compensation	~4.6%
Amortization of intangibles (1)	~0.4%
Restructuring charges (2)	~1.6%
Non-GAAP operating margin	above 21.8%

ALIGN TECHNOLOGY, INC.
FISCAL 2023 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

	Year Ended December 31, 2023
GAAP operating margin	approximately 16%
Stock-based compensation	~4%
Amortization of intangibles (1)	~0.4%
Restructuring charges (2)	~0.4%
Non-GAAP operating margin	slightly above 21%