

ALIGN TECHNOLOGY
NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share data)

	Q1*	Q2	Q3	Q4	Fiscal	Q1	Q2	Q3	Q4	Fiscal	Q1	Q2	Q3
	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014	2015	2015	2015
Net Revenues													
<i>Clear Aligner Net Revenues:</i>													
North America	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910	\$ 111,648	\$ 113,349	\$ 113,670	\$ 446,577	\$ 118,844	\$ 126,137	\$ 124,085
International	31,818	40,320	38,983	50,595	161,716	49,848	55,988	53,439	60,467	219,742	55,920	61,896	61,265
Non-case Net Revenues (1)	12,709	10,766	10,679	10,570	44,724	10,481	12,099	11,350	12,300	46,230	12,265	12,784	12,942
Total Clear Aligner Net Revenues	141,572	153,303	153,550	166,224	614,649	168,239	179,735	178,138	186,437	712,549	187,029	200,817	198,292
<i>Scanner and Services Net Revenues</i>	12,008	10,525	10,956	12,068	45,557	12,407	12,796	11,738	12,163	49,104	11,057	8,671	9,344
Total Worldwide Net Revenues	153,580	163,828	164,506	178,292	660,206	180,646	192,531	189,876	198,600	761,653	198,086	209,488	207,636
Cost of Net Revenues:													
Cost of net revenues Clear Aligner	32,245	33,179	30,887	33,503	129,814	35,156	38,032	37,021	39,451	149,660	39,069	43,480	42,087
Cost of net revenues Scanner and Services	8,486	6,958	8,529	8,313	32,286	8,239	9,023	7,801	8,487	33,550	7,927	7,374	7,973
Total cost of net revenues	40,731	40,137	39,416	41,816	162,100	43,395	47,055	44,822	47,938	183,210	46,996	50,854	50,060
Gross profit	112,849	123,691	125,090	136,476	498,106	137,251	145,476	145,054	150,662	578,443	151,090	158,634	157,576
Operating Expenses:													
Selling, general and administrative	72,629	74,874	72,711	72,583	292,797	82,067	83,455	80,653	85,893	332,068	88,281	100,625	101,751
Research and development	11,282	10,916	10,915	10,970	44,083	13,380	13,289	12,854	13,276	52,799	13,885	15,684	17,779
Total operating expenses	83,911	85,790	83,626	83,553	336,880	95,447	96,744	93,507	99,169	384,867	102,166	116,309	119,530
Operating Profit:													
Interest and other income (expense), net	28,938	37,901	41,464	52,923	161,226	41,804	48,732	51,547	51,493	193,576	48,294	42,325	38,046
	(988)	(335)	449	(199)	(1,073)	601	(93)	(1,999)	(1,716)	(3,207)	(1,452)	174	(1,568)
Profit before provision for income taxes	27,950	37,566	41,913	52,724	160,153	42,405	48,639	49,548	49,777	190,369	47,472	42,499	36,478
Provision for income taxes	6,708	8,246	7,376	10,302	32,632	9,961	13,039	11,301	10,236	44,537	11,295	11,149	8,862
Net profit	\$ 21,242	\$ 29,320	\$ 34,537	\$ 42,422	\$ 127,521	\$ 32,444	\$ 35,600	\$ 38,247	\$ 39,541	\$ 145,832	\$ 36,177	\$ 31,350	\$ 27,616
Net profit per share													
- basic	\$ 0.26	\$ 0.36	\$ 0.43	\$ 0.53	\$ 1.57	\$ 0.40	\$ 0.44	\$ 0.47	\$ 0.49	\$ 1.81	\$ 0.45	\$ 0.39	\$ 0.35
- diluted	\$ 0.26	\$ 0.36	\$ 0.42	\$ 0.51	\$ 1.54	\$ 0.39	\$ 0.43	\$ 0.47	\$ 0.48	\$ 1.77	\$ 0.44	\$ 0.39	\$ 0.34
Shares used in computing net profit per share													
- basic	81,248	80,576	79,967	80,432	81,120	81,120	81,027	80,629	80,266	80,754	80,459	80,257	79,808
- diluted	83,003	82,149	81,848	82,438	82,589	82,817	82,341	82,014	81,691	82,283	81,824	81,394	81,092
Margin Analysis:													
Gross margin	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%	75.6%	76.4%	75.9%	75.9%	76.3%	75.7%	75.9%
-Clear Aligner	77.2%	78.4%	79.9%	79.8%	79.9%	79.1%	78.8%	79.2%	78.8%	79.0%	79.1%	78.3%	78.8%
-Scanner and Services	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%	29.5%	33.5%	30.2%	31.7%	28.3%	15.0%	14.7%
Operating Margin	18.8%	23.1%	25.2%	29.7%	24.4%	23.1%	25.3%	27.1%	25.9%	25.4%	24.7%	20.2%	18.3%
Net Margin	13.8%	17.9%	21.0%	23.8%	19.3%	18.0%	18.5%	20.1%	19.9%	19.1%	18.3%	15.0%	13.3%
Year Over Year Analysis:													
Net Revenues	13.7%	12.5%	20.5%	24.8%	17.9%	17.6% #	17.5%	15.4%	11.4%	15.4%	9.7%	8.8%	9.4%
Gross profit	11.5%	13.5%	24.5%	28.2%	19.4%	21.6%	17.6%	16.0%	10.4%	16.1%	10.1%	9.0%	8.6%
Operating expense	16.5%	18.4%	18.0%	7.8%	15.0%	13.7%	12.8%	11.8%	18.7%	14.2%	7.0%	20.2%	27.8%
Operating profit	-0.8%	3.8%	40.3%	82.5%	29.8%	44.5%	28.6%	24.3%	-2.7%	20.1%	17.0%	-13.1%	-26.2%
Net Profit	-1.4%	4.1%	55.7%	97.1%	36.5%	52.7%	21.4%	10.7%	-6.8%	14.4%	11.5%	-11.9%	-27.8%
Quarter Over Quarter Analysis (Sequential):													
Net Revenues	7.5%	6.7%	0.4%	8.4%		1.3% #	6.6%	-1.4%	4.6%		-0.3%	5.8%	-0.9%
Gross profit	6.0%	9.6%	1.1%	9.1%		0.6%	6.0%	-0.3%	3.9%		0.3%	5.0%	-0.7%
Operating expense	8.3%	2.2%	-2.5%	-0.1%		14.2%	1.4%	-3.3%	6.1%		3.0%	13.8%	2.8%
Operating profit (loss)	-0.2%	31.0%	9.4%	27.6%		-21.0%	16.6%	5.8%	-0.1%		-5.0%	-13.5%	-10.1%
Net profit	-1.3%	38.0%	17.8%	22.8%		-23.5%	9.7%	7.4%	3.4%		-8.5%	-13.3%	-11.9%

* Refer to Reconciliation of GAAP to non-GAAP for Key Financial Metrics table for Q1 2013

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

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	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Fiscal 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Fiscal 2014	Q1 2015	Q2 2015	Q3 2015
Net Revenues													
<i>Clear Aligner Net Revenues:</i>													
North America	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910	\$ 111,648	\$ 113,349	\$ 113,670	\$ 446,577	\$ 118,844	\$ 126,137	\$ 124,085
International	31,818	40,320	38,983	50,595	161,716	49,848	55,988	53,439	60,467	219,742	55,920	61,896	61,265
Non-case (1)	12,709	10,766	10,679	10,570	44,724	10,481	12,099	11,350	12,300	46,230	12,265	12,784	12,942
Total Clear Aligner Net Revenues	141,572	153,303	153,550	166,224	614,649	168,239	179,735	178,138	186,437	712,549	187,029	200,817	198,292
<i>Scanner and Services Net Revenues</i>	12,008	10,525	10,956	12,068	45,557	12,407	12,796	11,738	12,163	49,104	11,057	8,671	9,344
Total Worldwide Net Revenues	153,580	163,828	164,506	178,292	660,206	180,646	192,531	189,876	198,600	761,653	198,086	209,488	207,636
Cost of Net Revenues:													
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Total cost of net revenues	40,731	40,137	39,416	41,816	162,100	43,395	47,055	44,822	47,938	183,210	46,996	50,854	50,060
Gross profit	112,849	123,691	125,090	136,476	498,106	137,251	145,476	145,054	150,662	578,443	151,090	158,634	157,576
Operating Expenses:													
Selling, general and administrative	72,629	74,874	72,711	72,583	292,797	82,067	83,455	80,653	85,893	332,068	88,281	100,625	101,751
Research and development	11,282	10,916	10,915	10,970	44,083	13,380	13,289	12,854	13,276	52,799	13,885	15,684	17,779
Impairment of goodwill	40,693	-	-	-	40,693	-	-	-	-	-	-	-	-
Impairment of long-lived assets	26,320	-	-	-	26,320	-	-	-	-	-	-	-	-
Total operating expenses	150,924	85,790	83,626	83,553	403,893	95,447	96,744	93,507	99,169	384,867	102,166	116,309	119,530
Operating Profit (loss):	(38,075)	37,901	41,464	52,923	94,213	41,804	48,732	51,547	51,493	193,576	48,924	42,325	38,046
Interest and other income (expense), net	(988)	(335)	449	(199)	(1,073)	601	(93)	(1,999)	(1,716)	(3,207)	(1,452)	174	(1,568)
Profit before provision for income taxes	(39,063)	37,566	41,913	52,724	93,140	42,405	48,639	49,548	49,777	190,369	47,472	42,499	36,478
Provision for income taxes	2,920	8,246	7,376	10,302	28,844	9,961	13,039	11,301	10,236	44,537	11,295	11,149	8,862
Net profit (loss)	\$ (41,983)	\$ 29,320	\$ 34,537	\$ 42,422	\$ 64,296	\$ 32,444	\$ 35,600	\$ 38,247	\$ 39,541	\$ 145,832	\$ 36,177	\$ 31,350	\$ 27,616
Net profit (loss) per share													
- basic	\$ (0.52)	\$ 0.36	\$ 0.43	\$ 0.53	\$ 0.80	\$ 0.40	\$ 0.44	\$ 0.47	\$ 0.49	\$ 1.81	\$ 0.45	\$ 0.39	\$ 0.35
- diluted	\$ (0.52)	\$ 0.36	\$ 0.42	\$ 0.51	\$ 0.78	\$ 0.39	\$ 0.43	\$ 0.47	\$ 0.48	\$ 1.77	\$ 0.44	\$ 0.39	\$ 0.34
Shares used in computing net profit (loss) per share													
- basic	81,248	80,576	79,967	80,432	80,551	81,120	81,027	80,629	80,266	80,754	80,459	80,257	79,808
- diluted	81,248	82,149	81,848	82,438	82,589	82,817	82,341	82,014	81,691	82,283	81,824	81,394	81,092
Margin Analysis:													
Gross margin	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%	75.6%	76.4%	75.9%	75.9%	76.3%	75.7%	75.9%
-Clear Aligner	77.2%	78.4%	79.9%	79.8%	78.9%	79.1%	78.8%	79.2%	78.8%	79.0%	79.1%	78.3%	78.8%
-Scanner and Services	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%	29.5%	33.5%	30.2%	31.7%	28.3%	15.0%	14.7%
Selling, general and administrative	47.3%	45.7%	44.2%	40.7%	44.3%	45.4%	43.3%	42.5%	43.2%	43.6%	44.6%	48.0%	49.0%
Research and development	7.3%	6.7%	6.6%	6.2%	6.7%	7.4%	6.8%	6.8%	6.7%	6.9%	7.0%	7.5%	8.6%
Impairment of goodwill	26.5%	0.0%	0.0%	0.0%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment of long-lived assets	17.1%	0.0%	0.0%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating margin	-24.8%	23.1%	25.2%	29.7%	14.3%	23.1%	25.3%	27.1%	25.9%	25.4%	24.7%	20.2%	18.3%
Net margin	-27.3%	17.9%	21.0%	23.8%	9.7%	18.0%	18.5%	20.1%	19.9%	19.1%	18.3%	15.0%	13.3%
Year Over Year Analysis:													
Net Revenues	13.7%	12.5%	20.5%	24.8%	17.9%	17.6%	17.5%	15.4%	11.4%	15.4%	9.7%	8.8%	9.4%
-Clear Aligner	14.8%	14.7%	21.2%	25.1%	19.0%	18.8%	17.2%	16.0%	12.2%	15.9%	11.2%	11.7%	11.3%
-Scanner and Services	2.2%	-12.0%	12.1%	20.9%	4.8%	3.3%	21.6%	7.1%	0.8%	7.8%	-10.9%	-32.2%	-20.4%
Gross profit	12.0%	13.7%	24.7%	28.2%	19.6%	21.6%	17.6%	16.0%	10.4%	16.1%	10.1%	9.0%	8.6%
Operating expense	107.4%	17.9%	-12.8%	-6.5%	22.1%	-36.8%	12.8%	11.8%	18.7%	-4.7%	7.0%	20.2%	27.8%
Operating profit (loss)	-236.0%	5.2%	820.8%	210.0%	10.1%	-209.8%	28.6%	24.3%	-2.7%	105.5%	17.0%	-13.1%	-26.2%
Net profit (loss)	-300.1%	2.9%	-10143.8%	343.8%	9.6%	-177.3%	21.4%	10.7%	-6.8%	126.8%	11.5%	-11.9%	-27.8%
Quarter Over Quarter Analysis (Sequential):													
Net Revenues	7.5%	6.7%	0.4%	8.4%		1.3%	6.6%	-1.4%	4.6%		-0.3%	5.8%	-0.9%
-Clear Aligner	6.6%	8.3%	0.2%	8.3%		1.2%	6.8%	-0.9%	4.7%		0.3%	7.4%	-1.3%
-Scanner and Services	20.3%	-12.4%	4.1%	10.1%		2.8%	3.1%	-8.3%	3.6%		-9.1%	-21.6%	7.8%
Gross profit	6.0%	9.6%	1.1%	9.1%		0.6%	6.0%	-0.3%	3.9%		0.3%	5.0%	-0.7%
Operating expense	68.8%	-43.2%	-2.5%	-0.1%		14.2%	1.4%	-3.3%	6.1%		3.0%	13.8%	2.8%
Operating profit (loss)	-323.0%	-199.5%	9.4%	27.6%		-21.0%	16.6%	5.8%	-0.1%		-5.0%	-13.5%	-10.1%
Net profit (loss)	-539.2%	-169.8%	17.8%	22.8%		-23.5%	9.7%	7.4%	3.4%		-8.5%	-13.3%	-11.9%

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