

ALIGN TECHNOLOGY, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share data)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Fiscal 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Fiscal 2020	Q1 2021	Q2 2021
Net Revenues:												
<i>Clear Aligner Net Revenues</i> ⁽¹⁾												
Americas	\$ 245,343	\$ 248,524	\$ 259,751	\$ 268,486	\$ 1,022,104	\$ 255,607	\$ 123,268	\$ 304,131	\$ 327,206	\$ 1,010,212	\$ 357,481	\$ 400,467
International	194,879	216,455	226,049	243,981	881,364	195,824	155,243	281,240	333,110	965,417	353,294	389,704
Non-case ⁽²⁾	28,983	31,723	30,465	31,111	122,282	30,180	19,830	35,393	40,427	125,830	42,494	50,788
Total Clear Aligner Net Revenues	469,205	496,702	516,265	543,578	2,025,750	481,611	298,341	620,764	700,743	2,101,459	753,269	840,959
<i>Imaging Systems and CAD/CAM Services Net Revenues</i> ⁽³⁾	79,766	103,995	91,076	106,209	381,046	69,352	53,973	113,380	133,777	370,482	141,502	169,849
Total Worldwide Net Revenues	548,971	600,697	607,341	649,787	2,406,796	550,963	352,314	734,144	834,520	2,471,941	894,771	1,010,808
Cost of Net Revenues:												
Cost of net revenues Clear Aligner	117,847	130,560	137,063	140,566	526,036	130,119	105,975	157,017	176,218	569,329	168,735	194,294
Cost of net revenues Imaging Systems and CAD/CAM Services ⁽³⁾	29,028	37,848	32,724	37,263	136,863	26,488	22,011	43,039	47,839	139,377	48,938	57,976
Total cost of net revenues	146,875	168,408	169,787	177,829	662,899	156,607	127,986	200,056	224,057	708,706	217,673	252,270
Gross profit	402,096	432,289	437,554	471,958	1,743,897	394,356	224,328	534,088	610,463	1,763,235	677,098	758,538
Operating Expenses:												
Selling, general and administrative	247,110	267,948	277,514	279,481	1,072,053	282,906	256,967	312,492	348,392	1,200,757	397,115	431,921
Research and development	37,503	38,851	39,680	41,327	157,361	41,532	40,361	44,527	48,887	175,307	54,532	57,715
Impairments and other (gains) charges	29,782	-	(6,792)	-	22,990	-	-	-	-	-	-	-
Litigation settlement gain	-	(51,000)	-	-	(51,000)	-	-	-	-	-	-	-
Total operating expenses	314,395	255,799	310,402	320,808	1,201,404	324,438	297,328	357,019	397,279	1,376,064	451,652	489,636
Operating Income (Loss)	87,701	176,490	127,152	151,150	542,493	69,918	(73,000)	177,069	213,184	387,171	225,446	268,902
Interest income and other income (expense), net:												
Interest income	2,633	3,465	3,478	2,906	12,482	1,986	473	329	337	3,125	1,643	383
Other income (expense), net	(5,746)	13,892	(2,211)	1,741	7,676	(18,549)	(966)	7,147	1,021	(11,347)	34,532	(483)
Total interest income and other income (expense), net	(3,113)	17,357	1,267	4,647	20,158	(16,563)	(493)	7,476	1,358	(8,222)	36,175	(100)
Net income (loss) before provision for (benefit from) income taxes and equity in losses of investee	84,588	193,847	128,419	155,797	562,651	53,355	(73,493)	184,545	214,542	378,949	261,621	268,802
Provision for (benefit from) income taxes	8,796	43,121	25,895	34,535	112,347	(1,464,776)	(32,891)	45,174	55,554	(1,396,939)	61,245	69,088
Equity in losses of investee, net of tax	3,944	3,584	-	-	7,528	-	-	-	-	-	-	-
Net Income (Loss)	\$ 71,848	\$ 147,142	\$ 102,524	\$ 121,262	\$ 442,776	\$ 1,518,131	\$ (40,802)	\$ 139,371	\$ 158,988	\$ 1,775,888	\$ 200,376	\$ 199,714
Net income (loss) per share												
- basic	\$ 0.90	\$ 1.84	\$ 1.29	\$ 1.54	\$ 5.57	\$ 19.32	\$ (0.52)	\$ 1.77	\$ 2.02	\$ 22.55	\$ 2.54	\$ 2.53
- diluted	\$ 0.89	\$ 1.83	\$ 1.28	\$ 1.53	\$ 5.53	\$ 19.21	\$ (0.52)	\$ 1.76	\$ 2.00	\$ 22.41	\$ 2.51	\$ 2.51
Shares used in computing net income (loss) per share												
- basic	79,860	79,943	79,332	78,578	79,424	78,592	78,769	78,824	78,853	78,760	79,000	79,008
- diluted	80,687	80,590	79,825	79,137	80,100	79,028	78,769	79,163	79,505	79,230	79,798	79,638
Margin Analysis:												
Gross margin	73.2%	72.0%	72.0%	72.6%	72.5%	71.6%	63.7%	72.7%	73.2%	71.3%	75.7%	75.0%
-Clear Aligner	74.9%	73.7%	73.5%	74.1%	74.0%	73.0%	64.5%	74.7%	74.9%	72.9%	77.6%	76.9%
-Imaging Systems and CAD/CAM Services ⁽³⁾	63.6%	63.6%	64.1%	64.9%	64.1%	61.8%	59.2%	62.0%	64.2%	62.4%	65.4%	65.9%
Selling, general and administrative	45.0%	44.6%	45.7%	43.0%	44.5%	51.3%	72.9%	42.6%	41.7%	48.6%	44.4%	42.7%
Research and development	6.8%	6.5%	6.5%	6.4%	6.5%	7.5%	11.5%	6.1%	5.9%	7.1%	6.1%	5.7%
Operating margin	16.0%	29.4%	20.9%	23.3%	22.5%	12.7%	-20.7%	24.1%	25.5%	15.7%	25.2%	26.6%
Net margin	13.1%	24.5%	16.9%	18.7%	18.4%	27.5%	-11.5%	19.0%	19.1%	17.8%	22.4%	19.8%
Year Over Year Analysis:												
Net Revenues	25.6%	22.5%	20.2%	21.7%	22.4%	0.4%	-41.3%	20.9%	28.4%	2.7%	62.4%	186.9%
-Clear Aligner	21.7%	14.6%	20.9%	22.0%	19.8%	2.6%	-39.9%	20.2%	28.9%	3.7%	56.4%	181.9%
-Imaging Systems and CAD/CAM Services ⁽³⁾	55.1%	82.4%	16.5%	20.2%	38.5%	-13.1%	-48.1%	24.5%	26.0%	-2.8%	104.0%	214.7%
Gross profit	22.8%	18.2%	17.7%	23.2%	20.4%	-1.9%	-48.1%	22.1%	29.3%	1.1%	71.7%	238.1%
Operating expense	37.2%	5.3%	25.9%	22.2%	22.4%	3.2%	16.2%	15.0%	23.8%	14.5%	39.2%	64.7%
Operating income (loss)	-10.7%	43.8%	1.6%	25.5%	16.3%	-20.3%	-141.4%	39.3%	41.0%	-28.6%	222.4%	-468.4%
Net income (loss)	-25.1%	38.7%	1.6%	24.5%	10.6%	2013.0%	-127.6%	35.9%	31.1%	301.1%	-86.8%	-591.9%
Quarter Over Quarter Analysis (Sequential):												
Net Revenues	2.8%	9.4%	1.1%	7.0%		-15.2%	-36.1%	108.4%	13.7%		7.2%	13.0%
-Clear Aligner	5.3%	5.9%	3.9%	5.3%		-11.4%	-38.1%	108.1%	12.9%		7.5%	11.6%
-Imaging Systems and CAD/CAM Services ⁽³⁾	-9.8%	30.4%	-12.4%	16.6%		-34.7%	-22.2%	110.1%	18.0%		5.8%	20.0%
Gross profit	5.0%	7.5%	1.2%	7.9%		-16.4%	-43.1%	138.1%	14.3%		10.9%	12.0%
Operating expense	19.7%	-18.6%	21.3%	-3.4%		1.1%	-8.6%	20.1%	11.3%		13.7%	8.4%
Operating income (loss)	-27.2%	101.2%	-28.0%	18.9%		-53.7%	-204.4%	-342.6%	20.4%		5.8%	19.3%
Net income (loss)	-26.2%	104.8%	-30.3%	18.3%		-115.9%	-102.7%	-443.3%	14.1%		26.0%	-0.3%

(1) Includes Invisalign and SmileDirectClub, LLC till 2020. Americas region includes North America and LATAM. International region includes EMEA and APAC.

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

(3) As of Q2'20, we have renamed the Scanner and Services segment to Imaging Systems & CAD/CAM Services or "Systems and Services" to reflect the addition of exocad dental CAD/CAM services into our financials.