

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

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YTD 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD 2013	Q1 2014
<b>Net Revenues</b>											
<b>Clear Aligner:</b>											
North America	\$ 86,871	\$ 92,997	\$ 89,568	\$ 91,686	\$ 361,122	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910
International	29,700	32,883	29,700	32,513	124,796	31,818	40,320	38,983	50,595	161,716	49,848
Non-case (1)	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481
Total Clear Aligner Net Revenues	123,328	133,669	126,725	132,859	516,581	141,572	153,303	153,550	166,224	614,649	168,239
<b>Scanner and Services:</b>											
North America	11,120	11,752	9,439	9,940	42,251	11,952	10,454	10,875	11,980	45,261	12,313
International	631	205	332	41	1,209	56	71	81	88	296	94
Total Scanner and Services Net Revenues	11,751	11,957	9,771	9,981	43,460	12,008	10,525	10,956	12,068	45,557	12,407
<b>Total Net Revenues:</b>											
Total North America Net Revenues	97,991	104,749	99,007	101,626	403,373	108,997	112,671	114,763	117,039	453,470	120,223
Total International Net Revenues	30,331	33,088	30,032	32,554	126,005	31,874	40,391	39,064	50,683	162,012	49,942
Total Non-case Net Revenues	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481
Total Worldwide Net Revenues	135,079	145,626	136,496	142,840	560,041	153,580	163,828	164,506	178,292	660,206	180,646
<b>Cost of Net Revenues:</b>											
Cost of net revenues Clear Aligner	25,939	28,052	28,391	28,229	110,611	32,245	33,179	30,887	33,503	129,814	35,156
Cost of net revenues Scanner and Services	8,380	8,774	7,755	8,133	33,042	8,486	6,958	8,529	8,313	32,286	8,239
Total cost of net revenues	34,319	36,826	36,146	36,362	143,653	40,731	40,137	39,416	41,816	162,100	43,395
Gross profit	100,760	108,800	100,350	106,478	416,388	112,849	123,691	125,090	136,476	498,106	137,251
<b>Operating Expenses:</b>											
Sales and marketing	38,717	39,087	36,468	37,769	152,041	42,281	47,847	45,224	44,694	180,046	52,888
General and administrative	23,511	23,021	24,762	28,001	99,295	30,348	27,027	27,487	27,889	112,752	29,179
Research and development	10,526	10,680	9,952	11,711	42,869	11,282	10,916	10,915	10,970	44,083	13,380
Impairment of goodwill	-	-	24,665	11,926	36,591	40,693	-	-	-	40,693	-
Impairment of long-lived assets	-	-	-	-	-	26,320	-	-	-	26,320	-
Total operating expenses	72,754	72,788	95,847	89,407	330,796	150,924	85,790	83,626	83,553	403,894	95,447
<b>Operating Profit (loss):</b>											
Interest and other income (expense), net	28,006	36,012	4,503	17,071	85,592	(38,075)	37,901	41,464	52,923	94,212	41,804
Profit before provision for income taxes	(812)	541	(353)	(672)	(1,296)	(988)	(335)	449	(199)	(1,073)	601
Provision for income taxes	27,194	36,553	4,150	16,399	84,296	(39,063)	37,566	41,913	52,724	93,139	42,405
Net profit (loss)	6,210	8,061	4,494	6,840	25,605	2,920	8,246	7,376	10,302	28,844	9,961
<b>Net profit (loss)</b>	<u>\$ 20,984</u>	<u>\$ 28,492</u>	<u>\$ (344)</u>	<u>\$ 9,559</u>	<u>\$ 58,691</u>	<u>\$ (41,983)</u>	<u>\$ 29,320</u>	<u>\$ 34,537</u>	<u>\$ 42,422</u>	<u>\$ 64,295</u>	<u>\$ 32,444</u>
Net profit (loss) per share											
- basic	\$ 0.26	\$ 0.35	\$ (0.00)	\$ 0.12	\$ 0.73	\$ (0.52)	\$ 0.36	\$ 0.43	\$ 0.53	\$ 0.80	\$ 0.40
- diluted	\$ 0.26	\$ 0.34	\$ (0.00)	\$ 0.12	\$ 0.71	\$ (0.52)	\$ 0.36	\$ 0.42	\$ 0.51	\$ 0.78	\$ 0.39
Shares used in computing net profit (loss) per share											
- basic	79,235	80,384	81,437	81,043	80,529	81,248	80,576	79,967	80,432	80,551	81,120
- diluted	81,856	82,954	81,437	82,981	83,040	81,248	82,149	81,848	82,438	82,589	82,817
<b>Margin Analysis:</b>											
Gross margin	74.6%	74.7%	73.5%	74.5%	74.3%	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%
-Clear Aligner	79.0%	79.0%	77.6%	78.8%	78.6%	77.2%	78.4%	79.9%	79.8%	78.9%	79.1%
-Scanner and Services	28.7%	26.6%	20.6%	18.5%	24.0%	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%
Sales and marketing	28.7%	26.8%	26.7%	26.4%	27.1%	27.5%	29.2%	27.5%	25.1%	27.3%	29.3%
General and administrative	17.4%	15.8%	18.1%	19.6%	17.7%	19.8%	16.5%	16.7%	15.6%	17.1%	16.2%
Research and development	7.8%	7.3%	7.3%	8.2%	7.7%	7.3%	6.7%	6.6%	6.2%	6.7%	7.4%
Impairment of goodwill	0.0%	0.0%	18.1%	8.3%	6.5%	26.5%	0.0%	0.0%	0.0%	6.2%	0.0%
Impairment of long-lived assets	0.0%	0.0%	0.0%	0.0%	0.0%	17.1%	0.0%	0.0%	0.0%	4.0%	0.0%
Operating margin	20.7%	24.7%	3.3%	12.0%	15.3%	-24.8%	23.1%	25.2%	29.7%	14.3%	23.1%
Net margin	15.5%	19.6%	-0.3%	6.7%	10.5%	-27.3%	17.9%	21.0%	23.8%	9.7%	18.0%
<b>Year Over Year Analysis:</b>											
Net Revenues	28.8%	21.3%	8.4%	10.8%	16.7%	13.7%	12.5%	20.5%	24.8%	17.9%	17.6%
-Clear Aligner	17.6%	17.6%	10.9%	11.7%	14.4%	14.8%	14.7%	21.2%	25.1%	19.0%	18.8%
-Scanner and Services	-	85.7%	-15.9%	0.1%	N/A	2.2%	-12.0%	12.1%	20.9%	4.8%	3.3%
Gross profit	22.5%	19.4%	8.6%	11.4%	15.3%	12.0%	13.7%	24.7%	28.2%	19.6%	21.6%
Operating expense	18.9%	-2.4%	45.1%	29.4%	12.1%	107.4%	17.9%	-12.8%	-6.5%	22.1%	-36.8%
Operating profit (loss)	33.2%	117.0%	-82.9%	-35.4%	-5.3%	-236.0%	5.2%	820.8%	210.0%	10.1%	-209.8%
Net profit (loss)	32.5%	155.3%	-101.8%	-53.3%	-12.0%	-300.1%	2.9%	-10139.8%	343.8%	9.5%	-177.3%
<b>Quarter Over Quarter Analysis (Sequential):</b>											
Net Revenues	4.8%	7.8%	-6.3%	4.6%		7.5%	6.7%	0.4%	8.4%		1.3%
-Clear Aligner	3.7%	8.4%	-5.2%	4.8%		6.6%	8.3%	0.2%	8.3%		1.2%
-Scanner and Services	17.8%	1.8%	-18.3%	2.1%		20.3%	-12.4%	4.1%	10.1%		2.8%
Gross profit	5.5%	8.0%	-7.8%	6.1%		6.0%	9.6%	1.1%	9.1%		0.6%
Operating expense	5.3%	0.0%	31.7%	-6.7%		68.8%	-43.2%	-2.5%	-0.1%		14.2%
Operating profit (loss)	6.0%	28.6%	-87.5%	279.1%		-323.0%	-199.5%	9.4%	27.6%		-21.0%
Net profit (loss)	2.6%	35.8%	-101.2%	990300.0%		-539.2%	-169.8%	17.8%	22.8%		-23.5%

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

**ALIGN TECHNOLOGY**  
**NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
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	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YTD 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD 2013	Q1 2014
<b>Net Revenues</b>											
<b>Clear Aligner:</b>											
North America	\$ 86,871	\$ 92,997	\$ 89,568	\$ 91,686	\$ 361,122	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910
International	29,700	32,883	29,700	32,513	124,796	31,818	40,320	38,983	50,959	161,716	49,848
Non-case Net Revenues (1)	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481
Total Clear Aligner Net Revenues	123,328	133,669	126,725	132,859	516,581	141,572	153,303	153,550	166,224	614,649	168,239
<b>Scanner and Services:</b>											
North America	11,120	11,752	9,439	9,940	42,251	11,952	10,454	10,875	11,980	45,261	12,313
International	631	205	332	41	1,209	56	71	81	88	296	94
Total Scanner and Services Net Revenues	11,751	11,957	9,771	9,981	43,460	12,008	10,525	10,956	12,068	45,557	12,407
<b>Total Net Revenues:</b>											
Total North America Net Revenues	97,991	104,749	99,007	101,626	403,373	108,997	112,671	114,763	117,039	453,470	120,223
Total International Net Revenues	30,331	33,088	30,032	32,554	126,005	31,874	40,391	39,064	50,683	162,012	49,942
Total Non-case Net Revenues	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481
Total Worldwide Net Revenues	135,079	145,626	136,496	142,840	560,041	153,580	163,828	164,506	178,292	660,206	180,646
<b>Cost of Net Revenues:</b>											
Cost of net revenues Clear Aligner	25,939	28,052	28,391	28,229	110,611	32,245	33,179	30,887	33,503	129,814	35,156
Cost of net revenues Scanner and Services	7,946	8,567	7,661	8,133	32,307	8,486	6,958	8,529	8,313	32,286	8,239
Total cost of net revenues	33,885	36,619	36,052	36,362	142,918	40,731	40,137	39,416	41,816	162,100	43,395
Gross profit	101,194	109,007	100,444	106,478	417,123	112,849	123,691	125,090	136,476	498,106	137,251
<b>Operating Expenses:</b>											
Sales and marketing	38,717	39,087	36,468	37,769	152,041	42,281	47,847	45,224	44,694	180,046	52,888
General and administrative	22,789	22,711	24,478	28,001	97,979	30,348	27,027	27,487	27,889	112,752	29,179
Research and development	10,526	10,680	9,952	11,711	42,869	11,282	10,916	10,915	10,970	44,083	13,380
Total operating expenses	72,032	72,478	70,898	77,481	292,889	83,911	85,790	83,626	83,553	336,880	95,447
<b>Operating Profit:</b>											
Interest and other income (expense), net	29,162	36,529	29,546	28,997	124,234	28,938	37,901	41,464	52,923	161,226	41,804
(812)	541	(353)	(672)	(1,296)	(988)	(335)	449	(199)	(199)	(1,073)	601
Profit before provision for income taxes	28,350	37,070	29,193	28,325	122,938	27,950	37,566	41,913	52,724	160,153	42,405
Provision for income taxes	6,804	8,897	7,006	6,798	29,505	6,708	8,246	7,376	10,302	32,632	9,961
<b>Net profit</b>	<u>\$ 21,546</u>	<u>\$ 28,173</u>	<u>\$ 22,187</u>	<u>\$ 21,527</u>	<u>\$ 93,433</u>	<u>\$ 21,242</u>	<u>\$ 29,320</u>	<u>\$ 34,537</u>	<u>\$ 42,422</u>	<u>\$ 127,521</u>	<u>\$ 32,444</u>
Net profit per share											
- basic	\$ 0.27	\$ 0.35	\$ 0.27	\$ 0.27	\$ 1.16	\$ 0.26	\$ 0.36	\$ 0.43	\$ 0.53	\$ 1.57	\$ 0.40
- diluted	\$ 0.26	\$ 0.34	\$ 0.26	\$ 0.26	\$ 1.13	\$ 0.26	\$ 0.36	\$ 0.42	\$ 0.51	\$ 1.54	\$ 0.39
Shares used in computing net profit per share											
- basic	79,235	80,384	81,437	81,043	80,529	81,248	80,576	79,967	80,432	81,120	81,120
- diluted	81,856	82,954	83,906	82,981	83,040	83,003	82,149	81,848	82,438	82,589	82,817
<b>Margin Analysis:</b>											
Gross margin	74.9%	74.9%	73.6%	74.5%	74.5%	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%
-Clear Aligner	79.0%	79.0%	77.6%	78.8%	78.6%	77.2%	78.4%	79.9%	79.8%	78.9%	79.1%
-Scanner and Services	32.4%	28.4%	21.6%	18.5%	25.7%	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%
Operating Margin	21.6%	25.1%	21.6%	20.3%	22.2%	18.8%	23.1%	25.2%	29.7%	24.4%	23.1%
Net Margin	16.0%	19.3%	16.3%	15.1%	16.7%	13.8%	17.9%	21.0%	23.8%	19.3%	18.0%
<b>Year Over Year Analysis:</b>											
Net Revenues	28.8%	21.3%	8.4%	10.8%	16.7%	13.7%	12.5%	20.5%	24.8%	17.9%	17.6%
Gross profit	23.1%	19.5%	8.3%	10.6%	15.1%	11.5%	13.5%	24.5%	28.2%	19.4%	21.6%
Operating expense	20.6%	5.5%	9.6%	14.2%	12.2%	16.5%	18.4%	18.0%	7.8%	15.0%	13.7%
Operating profit	29.6%	62.3%	5.3%	2.1%	22.4%	-0.8%	3.8%	40.3%	82.5%	29.8%	44.5%
Net Profit	27.2%	81.7%	6.6%	-0.9%	24.6%	-1.4%	4.1%	55.7%	97.1%	36.5%	52.7%
<b>Quarter Over Quarter Analysis (Sequential):</b>											
Net Revenues	4.8%	7.8%	-6.3%	4.6%		7.5%	6.7%	0.4%	8.4%		1.3%
Gross profit	5.1%	7.7%	-7.9%	6.0%		6.0%	9.6%	1.1%	9.1%		0.6%
Operating expense	6.1%	0.6%	-2.2%	9.3%		8.3%	2.2%	-2.5%	-0.1%		14.2%
Operating profit (loss)	2.7%	25.3%	-19.1%	-1.9%		-0.2%	31.0%	9.4%	27.6%		-21.0%
Net profit	-0.8%	30.8%	-21.2%	-3.0%		-1.3%	38.0%	17.8%	22.8%		-23.5%
<b>Reconciliation of GAAP Net Profit to non-GAAP Net Profit:</b>											
GAAP Net profit	\$ 20,984	\$ 28,492	\$ (344)	\$ 9,559	\$ 58,691	\$ (41,983)	\$ 29,320	\$ 34,537	\$ 42,422	\$ 64,295	\$ 32,444
Acquisition and integration related costs related to cost of revenues	134	72	55	-	261	-	-	-	-	-	-
Severance and benefit costs related to cost of revenues	300	135	39	-	474	-	-	-	-	-	-
Acquisition and integration related costs related to operating expenses	570	261	179	-	1,010	-	-	-	-	-	-
Severance and benefit costs related to operating expenses	152	49	105	-	306	-	-	-	-	-	-
Impairment of goodwill	-	-	24,665	11,926	36,591	40,693	-	-	-	40,693	-
Impairment of long-lived assets	-	-	-	-	-	26,320	-	-	-	26,320	-
Income tax-related adjustments	(594)	(836)	(2,512)	42	(3,900)	(3,788)	-	-	-	(3,788)	-
Non-GAAP net profit	<u>\$ 21,546</u>	<u>\$ 28,173</u>	<u>\$ 22,187</u>	<u>\$ 21,527</u>	<u>\$ 93,433</u>	<u>\$ 21,242</u>	<u>\$ 29,320</u>	<u>\$ 34,537</u>	<u>\$ 42,422</u>	<u>\$ 127,520</u>	<u>\$ 32,444</u>

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

ALIGN TECHNOLOGY, INC.  
RECONCILIATION OF GAAP TO NON-GAAP KEY FINANCIAL METRICS

**Reconciliation of GAAP to Non-GAAP Operating Expenses**  
(in thousands)

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP Operating expenses	\$ 95,447	\$ 83,554	\$ 150,924
Impairment of goodwill (1)	-	-	(40,693)
Impairment of long-lived assets (2)	-	-	(26,320)
Non-GAAP Operating expenses	<u>\$ 95,447</u>	<u>\$ 83,554</u>	<u>\$ 83,911</u>

**Reconciliation of GAAP to Non-GAAP Profit from Operations**  
(in thousands)

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP operating profit (loss)	\$ 41,804	\$ 52,923	\$ (38,075)
Impairment of goodwill (1)	-	-	40,693
Impairment of long-lived assets (2)	-	-	26,320
Non-GAAP operating profit (loss)	<u>\$ 41,804</u>	<u>\$ 52,923</u>	<u>\$ 28,938</u>

**Reconciliation of GAAP to Non-GAAP Net Profit**  
(in thousands, except per share amounts)

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP Net profit (loss)	\$ 32,444	\$ 42,422	\$ (41,983)
Impairment of goodwill (1)	-	-	40,693
Impairment of long-lived assets (2)	-	-	26,320
Income tax-related adjustments (3)	-	-	(3,788)
Non-GAAP Net profit	<u>\$ 32,444</u>	<u>\$ 42,422</u>	<u>\$ 21,242</u>
Diluted Net profit (loss) per share:			
GAAP	<u>\$ 0.39</u>	<u>\$ 0.51</u>	<u>\$ (0.52)</u>
Non-GAAP	<u>\$ 0.39</u>	<u>\$ 0.51</u>	<u>\$ 0.26</u>
Shares used in computing diluted GAAP Net profit (loss) per share	<u>82,817</u>	<u>82,438</u>	<u>81,248</u>
Shares used in computing diluted Non-GAAP Net profit per share	<u>82,817</u>	<u>82,438</u>	<u>83,003</u>

**Reconciliation of GAAP Net Profit to EBITDA and Adjusted EBITDA**  
(in thousands)

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP Net profit (loss)	\$ 32,444	\$ 42,422	\$ (41,983)
Provision for income taxes	9,961	10,302	2,920
Depreciation and amortization	4,776	4,178	4,944
EBITDA (6)	<u>47,181</u>	<u>56,902</u>	<u>(34,119)</u>
Adjustments or charges:			
Impairment of goodwill (1)	-	-	40,693
Impairment of long-lived assets (2)	-	-	26,320
Impairment of goodwill (3)	-	-	-
Impairment of long-lived assets (4)	-	-	-
EBITDA after adjustments (4)	<u>\$ 47,181</u>	<u>\$ 56,902</u>	<u>\$ 32,894</u>