Align Technology, Inc. Reports Record Revenues of $34.0 Million for the Third Quarter 2003

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GAAP and Non-GAAP Supplementary 11-Quarter Financial Model

Third Quarter Revenues Increase 96% Year Over Year - Company Reports GAAP Net Loss of $2.1 Million, or $0.04 per share Non-GAAP Net Profit Of $1.2 Million and Non-GAAP EPS Of $0.02 Per Share - Company Increases Cash Position By $4.3 Million

SANTA CLARA, Calif., Oct 23, 2003 /PRNewswire-FirstCall via COMTEX/ -- Align Technology, Inc. (Nasdaq: ALGN), the inventor of Invisalign®, a proprietary method of straightening teeth without wires and brackets, today reported financial results for the third quarter of 2003. Total revenues for the third quarter of 2003 were $34.0 million, compared to $29.2 million in the second quarter of 2003, an increase of 16.5 percent, and $17.4 million in the third quarter of 2002, an increase of 95.9 percent.

"We are pleased to report our first profitable quarter on a non-GAAP basis," stated Thomas M. Prescott, Align Technology's President and CEO. "While achievement of this important milestone signifies the enormous progress made over the past six quarters, we still have much to do towards our goal of building a truly great company. Align is focused on becoming the most important part of our customers' practices and helping them provide outstanding clinical results to happier patients. As we meet or exceed their high expectations, we expect our business to accelerate and our shareholders to benefit."

The net loss for the third quarter of 2003 as determined under generally accepted accounting principles ("GAAP") was $2.1 million, or a net loss per share of $0.04. This compares to a net loss for the second quarter of 2003 of $7.8 million, or a net loss of $0.13 per share, and a net loss for the third quarter of 2002 of $17.8 million, or a net loss of $0.38 per share.

The non-GAAP net profit for the third quarter of 2003, which excludes $3.4 million of stock-based compensation, was $1.2 million, or non-GAAP earnings per share of $0.02. This compares to a non-GAAP net loss of $3.4 million in the second quarter of 2003, which excludes $4.4 million of stock-based compensation, or a non-GAAP net loss of $0.06 per share. This also compares to a non-GAAP net loss of $11.0 million in the third quarter of 2002, which excludes $6.8 million of stock-based compensation and restructuring charges, or a non-GAAP net loss of $0.24 per share. The reconciliation of the GAAP to non-GAAP measurements for net loss for the third quarter of 2003 is set forth below within Align Technology's financial statements.

As of September 30, 2003 Align had $42.7 million in cash, cash equivalents and marketable securities, compared to $38.4 million as of June 30, 2003. Align Technology did not incur additional borrowings or draw-downs against its credit facility during the third quarter of 2003.

Align Technology will host a webcast and conference call today, October 23, 2003 at 10:00 a.m. EDT, 7:00 a.m. PDT, to review third quarter of 2003 results and discuss future operating trends and guidance on the outlook for the future. To access the webcast, click on "Conference Calls" on Align Technology's Investor Relations website at http://www.invisalign.com/US/html/corporate/investor_frameset.html . To access the conference call, please dial 415-537-1980 approximately ten minutes prior to the start of the call. If you are unable to listen to the call, an archived webcast will be available beginning approximately one hour after the call's conclusion and will remain available through 5:30 p.m. EDT on October 22, 2004. Additionally, a telephonic replay of the call can be accessed by dialing 800-633-8284 with reservation number 21161382. The replay may be accessed from international locations by dialing 402-977-9140 using the same reservation number. The telephonic replay will be available through 5:30 p.m. EDT on November 6, 2003.

About Align Technology, Inc.

Align Technology designs, manufactures and markets Invisalign, a proprietary method for treating malocclusion, or the misalignment of teeth. Invisalign corrects malocclusion using a series of clear, nearly invisible, removable appliances that gently move teeth to a desired final position. Because it does not rely on the use of metal or ceramic brackets and wires, Invisalign significantly reduces the aesthetic and other limitations associated with braces. Invisalign is appropriate for treating adults and older teens. Align Technology was founded in March 1997 and received FDA clearance to market Invisalign in 1998.

To learn more about Invisalign or to find a certified Invisalign doctor in your area, please visit www.invisalign.com or call 1-800-INVISIBLE.

Forward-Looking Statements

This news release contains forward-looking statements, including statements regarding Align's ability to increase brand recognition for Align's products and improve its reputation with orthodontists and dentists as a means to increase shareholder value. 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 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, risks relating to Align's history of losses and negative operating cash flows, Align's ability to increase its revenue significantly while controlling expenses, Align's ability to raise additional capital as required, Align's limited operating history, customer demand for Invisalign, acceptance of Invisalign by consumers and dental professionals, competition from manufacturers of traditional braces, Align's third party manufacturing processes and personnel, foreign operational, political and other risks relating to Align's international manufacturing operations, Align's ability to protect its intellectual property rights, potential intellectual property or product liability claims or litigation, and the potential volatility of the market price of Align's common stock. These and other risks are detailed from time to time in Align's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002, which was filed with the Securities and Exchange Commission on August 13, 2003, and its Quarterly Reports on Form 10-Q. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (A)
(unaudited)

(in thousands, except per share data)	Three Months Ended Sept. 30, 2003	Three Months Ended Sept. 30, 2002 (as restated)	Nine Months Ended Sept. 30, 2003	Nine Months Ended Sept. 30, 2002 (as restated)
Revenues	$34,038	$17,375	$86,223	$48,947
Cost of revenues	13,446	10,598	38,639	33,352
Gross profit	20,592	6,777	47,584	15,595
Operating expenses:				
Sales and marketing	10,505	11,459	32,551	33,780
General and administrative	8,722	9,899	25,630	29,727
Research and development	3,113	3,208	9,810	9,829
Total operating expenses	22,340	24,566	67,991	73,336
Loss from operations	(1,748)	(17,789)	(20,407)	(57,741)
Interest and other income (expense), net	(396)	(17)	(167)	318
Net loss	$(2,144)	$(17,806)	$(20,574)	$(57,423)
Net loss per share - basic and diluted	$(0.04)	$(0.38)	$(0.36)	$(1.23)
Weighted-average shares used in computing basic and diluted net loss per share	57,948	46,934	57,543	46,556

(A) Certain reclassifications of prior period amounts have been made to conform with current year presentation.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (A)
(unaudited)

(in thousands)	September 30, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$37,250	$35,552
Restricted cash	3,420	3,261
Marketable securities, short-term	1,998	2,693
Accounts receivable, net	20,794	16,766
Inventories, net	1,578	1,533
Deferred costs	768	1,139
Other current assets	5,751	4,888
Total current assets	71,559	65,832
Property and equipment, net	22,331	25,078
Other long-term assets	1,960	1,946
Total assets	$95,850	$92,856
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,755	$1,974
Accrued liabilities	18,319	11,112
Deferred revenue	13,301	9,403
Debt obligations, current portion	2,040	2,183
Total current liabilities	35,415	24,672
Debt obligations, long-term portion	2,083	3,333
Capital lease obligations, net of current portion	265	504
Total liabilities	37,763	28,509
Total stockholders' equity	58,087	64,347
Total liabilities and stockholders' equity	$95,850	$92,856

(A) Certain prior period amounts have been adjusted to conform with current year presentation.

ALIGN TECHNOLOGY, INC.
NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (A) (B)
(unaudited)

Use of Non-GAAP Financial Information

To supplement our condensed consolidated financial statements presented on a GAAP basis, Align uses a non-GAAP measure of net profit (loss), which is adjusted to exclude certain costs and expenses and any associated tax effects of such adjustments. We believe that our non-GAAP net profit (loss) gives an indication of our baseline performance before other charges that are considered by management to be outside of our core operating results. In addition, our non-GAAP net profit (loss) is among the primary indicators management uses as a basis for our planning and forecasting of future periods. The presentation of this additional information should not be considered in isolation or as a substitute for net loss prepared in accordance with generally accepted accounting principles in the United States of America.

(in thousands, except per share data)	Three Months Ended Sept. 30, 2003	Three Months Ended Sept. 30, 2002 (as adjusted)	Nine Months Ended Sept. 30, 2003	Nine Months Ended Sept. 30, 2002 (as adjusted)
Revenues	$34,038	$17,375	$86,223	$48,947
Cost of revenues	12,830	9,237	36,619	30,139
Gross profit	21,208	8,138	49,604	18,808
Operating expenses:				
Sales and marketing	9,984	10,222	30,798	31,059
General and administrative	7,117	6,573	19,439	19,994
Research and development	2,470	2,356	7,264	7,272
Total operating expenses	19,571	19,151	57,501	58,325
Profit (loss) from operations	1,637	(11,013)	(7,897)	(39,517)
Interest and other income (expense), net	(396)	(17)	(167)	318
Net profit (loss)	$1,241	$(11,030)	$(8,064)	$(39,199)
Net profit (loss) per share - basic	$0.02	$(0.24)	$(0.14)	$(0.84)
Weighted-average shares used in computing basic net profit (loss) per share	57,948	46,934	57,543	46,556
Net profit (loss) per share - diluted	$0.02	$(0.24)	$(0.14)	$(0.84)
Weighted-average shares used in computing diluted net profit (loss) per share	62,912	46,934	57,543	46,556

(A) Certain reclassifications of prior period amounts have been made to conform with current year presentation.

(B) The as adjusted non-GAAP financials reflect the adjustments as noted in this press release.

See following reconciliation of GAAP net loss to non-GAAP net loss.

ALIGN TECHNOLOGY, INC.
RECONCILIATION OF RESTATED GAAP NET LOSS TO ADJUSTED NON-GAAP NET PROFIT (LOSS)
(unaudited)

(in thousands)	Three Months Ended Sept. 30, 2003	Three Months Ended Sept. 30, 2002 (as adjusted)	Nine Months Ended Sept. 30, 2003	Nine Months Ended Sept. 30, 2002 (as adjusted)
Calculation of non-GAAP net loss excluding special items:				
Net loss	$(2,144)	$(17,806)	$(20,574)	$(57,423)

Items:				
Stock-based compensation expense included in: (A)				
- cost of revenues	616	802	2,020	2,654
- sales and marketing	521	591	1,753	2,076
- general and administrative	1,605	2,854	5,684	9,260
- research and development	643	771	2,546	2,476
Restructuring costs included in general and administrative operating expenses (B)	--	1,758	507	1,758
Non-GAAP net profit (loss) excluding special items	$1,241	$(11,030)	$(8,064)	$(39,199)

(A) Stock-based compensation expense represents the amortization of deferred stock-based compensation recorded in connection with the granting of stock options to employees and non-employees. Stock-based compensation expense also includes the accelerated vesting of options to several employees in connection with severance packages.

(B) Restructuring costs represent restructuring charges for severance, facility closures, and losses on disposal and impairment of fixed assets incurred as part of our July 2002 plan to streamline worldwide operations during 2002, and the remainder of our indirect operational activities related to the transition of operations from the United Arab Emirates and Pakistan to Costa Rica during the first quarter of 2003.

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